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Algeria	6.00 Dz.	Iceland	151,700 Dkr.	Norway	7,500 Nkr.
Austria	20 S.	Italy	1,700 Lire	Norway	7,500 Nkr.
Bahrain	0.00 D.	Jordan	1,700 Jordanian	Portugal	70 Esc.
Belgium	45 Af.	Kuwait	1,700 Dinar	Rwanda	5.50 Rwf.
Canada	C\$ 1.20	Liberia	2,000 Leone	Saudi Arabia	100 R.
Cyprus	C.C. 0.70	Lebanon	2,500 Lib.	Scandinavia	100 Kr.
Danmark	DKK 0.40	Libya	LD 0.35	Spain	10 Pesetas
Egypt	— 175	Luxembourg	45 Lfr.	Sweden	7,200 Kr.
Finland	— 750 M.	Morocco	— 100 Dir.	Tunisia	0.552 Dz.
France	— 400 F.	Morocco	— 105 Esc.	Turkey	— 12,600 Dz.
Germany	— 250 D.M.	Morocco	— 55 Cent.	U.S.A.	— 4.50 Dm.
Greece	— 50 Dr.	Morocco	— 55 Dz.	U.S.S.R.	— 100 Rub.
Iraq	— 115 Dls.	Netherlands	— 5.75 Fr.	U.S.S.R.	— 100 R.
Niger	— 170 K.	Nigeria	— 240 D.		

ESTABLISHED 1887

## U.S. Considers Offering Soviet 5 Years' Notice of Deployment

By Walter Pincus  
*Washington Post Service*

WASHINGTON — The United States is prepared to give assurances to the Soviet Union that it would negotiate any proposed deployment of new defensive strategic weapons, and give "five to seven years" notice before deploying such weapons unilaterally, according to Defense Department sources.

These proposals, agreed to at an Oct. 4 meeting of senior Reagan administration officials, are intended as a response to Soviet demands for concessions on Pres-

ident Ronald Reagan's Strategic Defense Initiative, the sources said. They would not have any effect on continuing research and testing of possible space defense weapons, but would delay their deployment, presumably to give the Russians a chance to deploy comparable systems if the United States decided to withdraw from the existing Anti-Ballistic Missile Treaty, which outlaws such deployments.

[The White House denied Wednesday that such proposals ex- isted. United Press International reported: Larry Speakes, the White House spokesman, said that a time

frame was never discussed at the Oct. 4 meeting.

[A Pentagon official said that such an offer "doesn't make any sense" because the United States would not give the Soviet Union "a veto over deployment."]

The proposal agreed to Oct. 4 by the Special Arms Control Policy Group of top officials responsible for arms control policy is to offer to amend the 1972 ABM treaty, which currently provides that either signatory can withdraw from it on six months' notice. That could be extended to five to seven years under the new U.S. idea.

At a hearing before a House of Representatives Foreign Affairs subcommittee Tuesday, Paul H. Nitze, special adviser to the president and secretary of state on arms control, said that the space weapons "research program is not on the table."

White House officials said that Mr. Reagan would be raising the issues of human rights and "Soviet expansionism" at the United Nations this week, to put the Soviet Union on the defensive before his Nov. 19 summit meeting with Mikhail S. Gorbachev in Geneva. A senior official listed arms control as being fourth among the administration's objectives for the summit meeting.

The new proposal for trying to reassure the Russians was adopted as part of the administration's review of its position in connection with both the current Geneva arms talks and the November meeting.

Mr. Gorbachev, who has called repeatedly for the United States to abandon the space weapons program, has stated that he is prepared to permit "fundamental research" on space-based defense but not field testing of models or prototype weapons.

The new proposals for reassuring the Russians were adopted at the same meeting at which officials discussed adopting a new, expanded interpretation of what the 1972 ABM pact permits in the way of testing and development of space weapons.

Since then, administration officials have said that, although they think a broad legal interpretation of the treaty is justified — a position the Russians have sharply challenged — they will stick to a previous, much narrower interpretation.

Former Ambassador Gerard C. Smith, who helped negotiate the ABM pact, told the House subcommittee that although the Reagan administration had reverted to a restrictive interpretation, "it is also clear that the administration feels free under the new version to alter

Ferdinand E. Marcos

eral "perhaps for a year or so" but that he "would consider" Senator Laxalt's advice.

The official said the senator had brought back a long report from the Philippine military asserting that the government was successfully containing the Communist insurgents.

The official said Senator Laxalt had also brought back a second report on what Mr. Marcos described as improving economic trends.

The senator was sent to Manila to express the administration's growing concern about deteriorating economic, military and political trends in the Philippines.

In their four hours of meetings last Wednesday and Thursday, Senator Laxalt said: Mr. Marcos "stated that the military is now becoming decentralized so that field decisions can be made there rather than in Manila."

Philippine diplomats have indi-

(Continued on Page 2, Col. 4)

## Marcos Is Said to Agree To Election Observers

By Bill Keller  
*New York Times Service*

WASHINGTON — Senator Paul Laxalt has declared that President Ferdinand E. Marcos has agreed to permit U.S. observers at Philippine elections in 1986 and 1987 and to relax his control over the Philippine military.

Senator Laxalt, who reported Tuesday to President Ronald Reagan on his informal diplomatic visit to Manila last week, said in a statement that the process were "positive steps" toward the political and military initiatives urged by the administration.

The Nevada Republican said that contrary to what some administration officials had said earlier, "there were no hostile messages delivered on my part, and there was no rejection of our views on President Marcos's part."

An official familiar with Senator Laxalt's meetings in Manila said Mr. Marcos had made no commitments on other points raised by the senator.

Of particular concern, the official said, was the fact that Mr. Marcos had indicated that he planned to reinstate General Fabian C. Ver as head of the armed forces if the general were acquitted of involvement in the slaying of the opposition leader Benigno S. Aquino Jr. A verdict in the trial of General Ver and 23 other defendants is expected soon.

Senator Laxalt was said to have warned Mr. Marcos that a reinstatement of General Ver "could easily become a flash point for the Congress" because of assertions that the court is biased in favor of the general, a friend and relative of Mr. Marcos.

The president, the official said, reported that "he had an honored commitment" to reinstate the gen-

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eral "perhaps for a year or so" but that he "would consider" Senator Laxalt's advice.

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## Morocco Declares Sahara Cease-Fire, Presses for a Vote

*The Associated Press*

UNITED NATIONS, New York — King Hassan II of Morocco unilaterally declared a cease-fire in the Western Sahara on Wednesday. He asked the United Nations to supervise a referendum there in January 1986.

The Moroccan prime minister, Mohammed Karim Lamrani, read Hassan's message to the General Assembly. He said that Morocco was "prepared to receive neutral observers wishing to verify on the premises the respect of such a cease-fire."

"If the United Nations undertakes this consultation at the proposed date," Mr. Lamrani declared, "it would have made a gigantic step towards making a substantial contribution to the advent of a better world."

Morocco has been fighting the Algerian-backed Polisario independence movement since Spain relinquished the Western Sahara in 1975.

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## Liberia Opposition Figure Tells U.S. Of Alleged Irregularities in Election

By Blaine Harden  
*Washington Post Service*

MONROVIA, Liberia — Jackson Doe, who was a presidential candidate for the opposition in last week's national elections here, has presented a long list of alleged voting irregularities to Edward Perkins, the U.S. ambassador to Liberia, it was learned here.

Mr. Doe was said to have told the ambassador that opposition politicians feared retribution from the country's military leader, General Samuel K. Doe. The two Does are not related.

While the government of General Doe claimed to be scrupulously counting votes, a large mound of ballots was found burning Monday about 40 miles (65 kilometers) north of Monrovia.

A senior member of the government said they were the ballots from a county that had voted 95 percent against General Doe.

The charred ballots, photographed by local reporters and dispatched by opposition parties to the U.S. Embassy, are the most dramatic evidence of what appears to be a major effort by General Doe's supporters to alter the results of the Oct. 15 election.

Authoritative independent observers say that reports from major polling centers across Liberia confirm claims by the opposition Liberian Action Party that Jackson Doe, its candidate, won the election. The government has not yet released official results.

The U.S. government, whose aid constitutes nearly a third of the Liberian budget, has been directed by Congress to cut off \$86 million of the aid if the election is found not to be "free and fair."

The night before the election, General Doe spoke on television. "Our commitment has been unique in the history of military



Samuel K. Doe

governments anywhere," he said. "This is our first test of the truly democratic experience." He added, "History will be our judge."

The election brought out record numbers of Liberian voters. They had been told they were to be given a greater voice in choosing a leader than at any time in the 138 years since the nation was founded by freed American slaves.

Irregularities soon became apparent. On election day, opposition observers were prevented from monitoring voting at military barracks, where some voters were reported to have been free to vote as many times as they wished.

Asked later about this, Emmett Harmon, the chairman of Liberia's Special Election Commission, said he saw no reason to question the voting. Mr. Harmon, a lawyer, was appointed by General Doe, as were all the members of the election commission.

Mr. Harmon, 72, rejected the va-

lidity of all election-night vote counts monitored by observers from opposition parties. These parties had been given the right to observe vote-counting through laws approved by General Doe.

Last weekend, Mr. Harmon selected a 50-member committee to conduct an official ballot count in private, an apparent violation of the new laws.

According to independent observers here, the counting committee includes two senior aides to General Doe, 19 members of the general's Krahn tribe, which makes up 5 percent of Liberia's population of two million, and many avowed supporters of General Doe's political party, the National Democratic Party of Liberia.

The opposition Liberian Action Party charged Monday, and independent observers said Tuesday, that ballots cast against General Doe were pulled from ballot boxes last weekend and replaced with ballots for him.

An observer said that General Doe's party had decided to announce that the head of state officially won 45 percent of the vote, while Jackson Doe won 40 percent and two other candidates split the rest.

General Doe came to power in 1980 when, as a master sergeant, he led a group of noncommissioned officers into the presidential mansion and assassinated the president, William R. Tolbert Jr.

Since that time, U.S. government assistance to Liberia has increased sixfold. An avowed purpose of the rise was to entice General Doe to hold elections that would return the country to civilian rule.

Leading opposition politicians argued Tuesday that the U.S. government should pressure General Doe's government to call new elections or resign.



Prime Minister Rajiv Gandhi of India reads a statement about apartheid in South Africa to a gathering at the UN, as Indonesia's foreign minister, Mochtar Kusumaatmadja, listens.

## WORLD BRIEFS

### Fabius to Attend French Nuclear Test

PARIS (AP) — Prime Minister Laurent Fabius and Defense Minister Paul Quilès left Wednesday to attend a French underground nuclear test at the Pacific test site on Mururoa atoll, expected later this week.

Journalists will be present during a test for the first time. On Tuesday French television stations showed, for the first time, filmed shots of water in the Mururoa lagoon frothing from the shock wave of an earlier test. The first photograph of the phenomenon appeared in a French magazine this month.

Mr. Fabius has acknowledged that French secret agents blew up the Greenpeace anti-nuclear protest ship Rainbow Warrior in Auckland, New Zealand, on July 10, killing a photographer. Two French agents face trial hearings in New Zealand on Nov. 4.

### Progress Reported in Lebanese Talks

BEIRUT (UPI) — Syrian-inspired peace talks between Lebanon's Christian and Moslem militia may lead to a Lebanese national congress in Damascus next month aimed at ending 10 years of civil war, Syrian and Lebanese sources said Wednesday.

Eli Hobeika, leader of the Lebanese Forces, the most powerful Christian militia, returned to Beirut on Wednesday saying that "we are on the right track" after seven hours of talks Tuesday in Damascus with the chief mediator, Vice President Abdel Halim Khaddam of Syria.

Despite Mr. Hobeika's optimism, sporadic skirmishes continued early Wednesday across the Green Line dividing Beirut's Moslem and Christian sectors.

### Dutch Approval Expected on Missiles

AMSTERDAM (Reuters) — The Dutch parliament is set to approve a draft agreement Thursday with Washington on deploying U.S. cruise missiles in the Netherlands, political sources said Wednesday.

Speakers during a three-day debate on the draft accord, which covers arrangements for storing and control of the nuclear missiles, made it clear that the agreement would win a majority in voting Thursday, they added.

Foreign Minister Hans van den Broek said the cabinet would make a final decision on deployment on Nov. 1 and then would introduce legislation as quickly as possible to confirm the placing of the weapons. The deployment would be part of a North Atlantic Treaty Organization plan to place medium-range missiles in Europe.

### North Korea Reports Rebuff by South

NEW YORK (WP) — The North Korean foreign minister, Kim Yong Nam, said Tuesday that South Korea had rebuffed North Korea's proposal for what would have been an inter-Korean meeting at the highest level since 1972.

Mr. Kim, expressing regret and "great surprise," said the meeting would have taken place in New York this week between Vice President Pak Sung Chul of North Korea and Prime Minister Lho Shin Young of South Korea. Both officials are here for the 40th anniversary observances of the United Nations.

Mr. Kim said a meeting in New York would have been more than a get-acquainted session and could have provided "one of the best opportunities" to discuss matters of mutual concern. The South Korean Embassy had no comment. In 1972 the president of each country received a high-level delegation from the other.



Kim Jong Nam

### Journalist Groups Support UNESCO

SOFIA (AP) — A group of international and regional organizations representing nearly half a million journalists throughout the world issued a statement Wednesday supporting UNESCO's communications activities.

The group included the Communist International Organization of Journalists based in Prague, the Brussels-based International Federation of Journalists, the Latin American Federation of Journalists; the African Union of Journalists and the Confederation of Southeast Asian Journalists. A commission of the General Conference of the United Nations Educational, Scientific and Cultural Organization has been discussing on a \$14.7-million communications program in the 1986-87 budget. The conference, attended by 152 nations, began Oct. 8 and is to end Nov. 12.

The four organizations were unsuccessful in their effort to convene a UNESCO-backed meeting in Mexico City in March on the protection of journalists. Instead the issue was dealt with at a meeting of the International Red Cross in Geneva in April, whose participants included representatives of Western media groups.

### U.S. Bill Would Extend Summer Time

WASHINGTON (UPI) — A bill that would lengthen daylight-saving time by four weeks has passed the House of Representatives and now goes to the Senate. Under the bill, daylight-saving time would begin on the first Sunday in April and end on the first Sunday of November.

Daylight-saving time, also called summer time, when clocks are set forward to add an extra hour of daylight in the evening, now begins on the last Sunday in April and ends on the last Sunday in October. Most of Europe starts and stops summer time a month earlier.

The legislation was passed on Tuesday, 240-157. It would allow states to exempt themselves. If enacted, the law would go into effect next year.

### For the Record

Afghanistan has ordered all its male nationals up to 40 years of age to enlist for three years of military service, even if they already have completed a tour of duty, Kabul radio announced Wednesday. (AFP)

The Indian state of Punjab has banned the use of high-speed motorcycles by civilians after several murders by gunmen on motorbikes, the Press Trust of India reported Wednesday. (AFP)

An earthquake measuring 6.7 on the Richter scale rocked the Lesser Sunda Islands of Indonesia on Wednesday, but there were no reports of casualties or damage, the Indonesian Meteorology Agency said in Jakarta. The islands include Bali, Alor and Timor. (AP)

The condition of Anthony Manida, the first recipient of an artificial heart developed by Pennsylvania State University, was upgraded to "critical but stable" on Wednesday. Mr. Manida had slipped in and out of deep unconsciousness Tuesday. (AP)

Charles Fiter, a Harvard law professor, was confirmed by the U.S. Senate on Tuesday as solicitor general. The solicitor general is the government's chief advocate in the Supreme Court. (NYT)

The Philadelphia Inquirer hit the newsstands Wednesday morning for the first time since employees went on strike 47 days ago and the Daily News was due out later in the day. (UPI)

Two bombs exploded in Israel in the municipal market of the Galilee town of Afule on Wednesday, wounding five persons, one seriously, hospital officials said. (UPI)

### Xu Shiyou, Ex-Chinese General, Dies

The Associated Press

BEIJING — Xu Shiyou, 80, a former military commander in Guangzhou and member of the Communist Party's ruling Politburo, died Tuesday in Nanjing of undisclosed causes, the Xinhua news agency said Wednesday.

He dismissed Xu's points one by one, "the official said.

But a White House official insisted "The mission was a success in terms of getting Marcos's attention."

■ Provincial Governor Is Slain

Gummen believed to be Communist rebels shot and killed the governor of southern Surigao del Sur province Wednesday after blocking his jeep on a highway of the provincial capital, the Philippine News Agency reported, according to The Associated Press. Governor Gregorio Muriel, 53, a physician, was the highest-ranking official to die in a guerrilla ambush in the Philippines this year.

But in 1980, Mr. Xu lost his post as Guangzhou commander in a

move regarded as an effort to put modern-minded men in charge of a military force that had been criticized for old ideas, backward equipment and poor discipline.

Mr. Xu became a member of the party Central Committee and Politburo in 1959 under Mao, but was demoted to deputy chairman of the party central advisory commission in 1982, apparently to allow him to retire.

■ Other deaths:

Henry Housholder, 24, 67, a Boston stockbroker, amateur historian and founder of the Plimouth Plantation living history museum, of a heart attack Sunday in Cambridge, Massachusetts.

Diane Rene Thomas, 39, who wrote the screenplay for the movie

"Romancing the Stone," Monday when the sportscar in which she was riding skidded out of control and hit a pole south of Malibu Beach, California, the police said Tuesday.

Harold Smith Sr., 75, a gaming pioneer who founded Harolds Club in Reno, Nevada, in 1936, Monday in Reno.

Merie Watson, 36, a country musician who teamed with his father, Doc Watson, in Lenoir, North Carolina, when his tractor overturned Wednesday on an embankment and pinned him beneath it.

Welles Ursinus, 92, the Australian soprano best known for her interpretations of the operas of Richard Strauss, died Tuesday in Ehrwald, Austria.

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## U.S. Prepares Arms Offer

(Continued from Page 1)

to support that view. When one congressman raised the prospect of an amendment requiring the administration to stick to the restrictive interpretation of the ABM treaty, Mr. Nitze responded that "if Congress limits the executive branch, then it is not necessary for the Soviets to make any trade with the United States on this issue."

One of Mr. Nitze's observations to the House subcommittee seemed to support that view. When one congressman raised the prospect of an amendment requiring the administration to stick to the restrictive interpretation of the ABM treaty, Mr. Nitze responded that "if Congress limits the executive branch, then it is not necessary for the Soviets to make any trade with the United States on this issue."

Mr. Smith was sharply critical of the decision to "float this new treaty version just six weeks before a summit at which the ABM treaty was expected to be an important part."

He suggested an explanation may be that "it was a bargaining ploy looking to a summit accommodation somewhere between the Soviet presumptive position of no research and the Reagan new version of no limits on strategic defense development."

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## Baker Says Debt Limit Could Cause a Default

By Gerald M. Boyd  
New York Times Service

WASHINGTON — The Reagan administration has warned that emergency fiscal steps will have to be taken in November if Congress fails to approve legislation raising the federal debt ceiling.

Treasury Secretary James A. Baker 3d, at a White House meeting with Republican congressional leaders Tuesday, said that failure to act in the next few days would result in complex maneuvers involving the Social Security fund and several other trust funds by the first week in November to raise the cash needed to cover benefit checks.

Mr. Baker warned that the government "would certainly default" on other obligations on Nov. 15 without congressional action to lift the ceiling.

The current federal borrowing limit is \$1.824 trillion. Representatives have balked at adopting a Senate-passed ceiling of more than \$2 trillion because attached to it was a controversial measure aimed at requiring a balanced federal budget. The package is now before a House-Senate conference.

Larry Speakes, the White House spokesman, said after the meeting that "by Nov. 15, the only alternative" way to raise cash "would be to sell gold belonging to the United States, which I don't believe any member of Congress wants."

The Treasury secretary, however, in a letter to House and Senate conferees on the debt ceiling bill, wrote: "The president and I are not prepared to take that step because it would undercut confidence here and abroad based on the widespread belief that the gold reserve is the foundation of our financial system and because the Congress clearly has the power to prevent a default by assuming its responsibility with respect to the debt limit."

The belief to which Mr. Baker referred is no longer shared by

many economists and investors. The United States severed the links between gold and the currency and between gold and the international value of the dollar in the 1960s and early 1970s.

The biggest uncertainties might be how much gold the Treasury would put on the market, presumably in the form of an auction, and how much the additional supplies would drive down the price of gold, which was \$327.25 an ounce in New York Tuesday afternoon.

To get around the debt limit, the government has been operating with \$5 billion raised Oct. 9 in a novel use of the Federal Financing Bank, a bookkeeping affiliate of the Treasury whose obligations are not subject to the \$1.824 trillion debt ceiling.

Mr. Baker said in the letter that, even if the government used some remaining \$10 billion in Federal Financing Bank borrowing authority, it would have a "negative balance" on Nov. 1, widening to more than \$5 billion by Nov. 4.

Mr. Speakes said that the government would be "forced" to dip into trust funds in order to cover checks already issued under Social Security, Railroad Retirement and other pension programs by Nov. 4 at the latest.

A Treasury spokesman, Arthur Stidham, explained that cash would be borrowed in the money market, then securities held by each of the trust funds would be retired to keep outstanding debt from exceeding the ceiling.

Mr. Speakes said it was unclear how other government checks would be honored after funds borrowed through the financing bank are exhausted.

The spokesman had raised the possibility Oct. 3 that banks might decline to honor government checks, but Robert J. Dole, the Senate majority leader, said Tuesday that such statements now had a hollow ring because of the new agency cash borrowing.

"I think there's a credibility problem there to some extent, but Secretary Baker assured us that this is it, that he has to follow the law, this is the law, and the president doesn't want to sell off any gold," he said.

In the meeting, Mr. Speakes said, Mr. Reagan repeated his call for the passage of the bill requiring a balanced federal budget. The legislation, which attached to the bill raising the debt ceiling limit, would mandate a decline in the deficit by \$26 billion a year until it reached zero in 1991.



President Daniel Ortega Saavedra of Nicaragua and his wife, Rosario Murillo, appeared on NBC's Phil Donahue Show in New York on Tuesday. Mr. Ortega was in New York to mark the 40th anniversary of the United Nations.

## Anti-Bias Rule Survives Debate in U.S. Cabinet

By Howard Kurtz  
*Washington Post Service*

WASHINGTON — A Justice Department effort to weaken a 20-year-old executive order on affirmative action for government contractors has lost some momentum as a cabinet council delivered a split verdict on the plan and gave President Ronald Reagan three options from which to choose.

The cabinet's Domestic Policy Council met Tuesday after the Senate majority leader, Robert J. Dole, and the House minority leader, Robert H. Michel, joined 175 members of Congress, civil rights groups and business spokesmen in opposing changes in the 1965 order. Democratic lawmakers have prepared legislation to block any change.

At issue is the Labor Department's authority to require 15,000 federal contractors whose companies employ a total of 73 million workers, to meet numerical goals and timetables in hiring and promoting women and members of racial minority groups.

As recently as two weeks ago, it appeared that Attorney General Edwin Meese 3d, who wants to abolish affirmative action goals and timetables, had prevailed over Labor Secretary William E. Brock, who wants to preserve most of the current rules.

But the council, headed by Mr. Meese, voted after a heated discussion to send Mr. Reagan three options. The issue's sensitivity was

underscored by the fact that most of the cabinet attended the session, as did the White House chief of staff, Donald T. Regan.

Earlier, after meeting with Mr. Reagan on other issues, Mr. Dole, a Kansas Republican, said: "My view is they shouldn't change the executive order. Leave it as it is."

He said that Mr. Brock could resolve any problems "through regulation, rather than change an executive order that's been around for 20 years."

Mr. Michel, an Illinois Republican, added, "When it works, you don't fix it."

Sources said the first cabinet option, which Mr. Meese advocated, would bar the Labor Department from penalizing companies for failing to meet numerical hiring goals, which Mr. Meese views as constituting illegal quotas.

While allowing businesses to set voluntary goals for hiring, firing and promotions, the Meese proposal would say that there is no "legal basis" for plans that discriminate by race or gender.

The second option, favored by Mr. Brock, would leave the executive order unchanged but would have the Labor Department revise the program's rules to ease the burden on businesses. The department was planning to do this anyway.

A third option would preserve the executive order but add language barring the use of fixed quotas and promising to ease regulations, sources said.

## U.S., Nicaragua Mix Rhetoric, Diplomacy

By William R. Long  
*Los Angeles Times Service*

MANAGUA — When the Yankees come, Don Canuto tells Don Cayetana, the Nicaraguan people must meet them with rifles, machetes, ice picks, knives and axes.

"We'll even throw boiling water on them," says Dona Cayetana, a grandmotherly cartoon character in an official Nicaraguan civil defense booklet. "Right, we'll have to use everything to fight those Yankees sons of . . ." says Don Canuto.

It is the rhetoric war — Nicaraguan patriots vs. Yankee aggressors. And the Nicaraguans believe that the rhetoric is justified because of U.S. support for the rebels who are waging guerrilla war on the leftist Sandinist government.

But the administration softened

the Sandinists each have their reasons for maintaining diplomatic relations.

Arguments for breaking relations gained strength within the Reagan administration in April, after Congress voted down an administration proposal for new military aid to the guerrillas. Some congressmen said they opposed the aid because it did not make sense to support a war against the Sandinists and keep diplomatic relations.

But the administration softened the aid proposal to provide only for "humanitarian assistance" such as clothing and medicine. In June, Congress approved \$27 million in nonmilitary aid, and the threat to diplomatic relations evaporated.

Because the administration hopes to renew the aid in early 1986, it continues to tailor the trappings of its Nicaragua policy to suit wavering congressmen. To those who fear criticism for supporting a militaristic policy, the continuing diplomatic ties can be offered as proof that the policy is more just support for the rebels.

Diplomatic relations also are useful for fending off demands that the United States resume a series of U.S.-Nicaraguan talks that were held last year in the Mexican resort city of Manzanillo. As long as regular diplomatic channels are open, the administration contends, the Manzanillo talks are not necessary.

There also are advantages for Nicaragua in maintaining ties.

The government says that U.S. public opinion and congressional pressure can influence the Reagan administration against direct military

intervention. And diplomatic relations with the United States give Nicaragua important channels of communication with the public and Congress, said Alejandro Benítez, a high official in the Nicaraguan Foreign Ministry.

Without diplomatic ties, such Nicaraguan efforts would be more difficult. Mr. Benítez said that the Reagan administration wanted to "curtail that type of communication" but not to sacrifice its Managua embassy.

"They don't want to close the embassy here because they would lose a whole system of espionage," he said. "They know when every toilet flushes in Managua."

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## 25 Percent of AIDS Victims In U.S. Are Black, Expert Says

New York Times Service

WASHINGTON — Black people in the United States are being disproportionately affected by acquired immune deficiency syndrome, according to an expert in infectious diseases.

Dr. Wayne Greaves, chief of infectious diseases at the Howard University Hospital, said Tuesday that blacks account for about 25 percent of the 14,000 cases of AIDS reported in the United States, while they make up only about 12.5 percent of the population.

He cited several reasons why black people suffer disproportionately from AIDS. In many cases, he said, the overall health of blacks, and the health care available to them, is poor, making them more vulnerable to infections. In cities where intravenous drug users are a major source of the disease, he added, blacks are a high proportion of the addicts. Moreover, AIDS has

thus far been heavily concentrated in a handful of cities where blacks may comprise a high proportion of the urban population.

Also on Tuesday, The U.S. Senate voted to spend \$221 million for research and treatment programs against AIDS as it approved S. 15, a \$105-billion spending bill that funds major federal social programs through next September.

The House voted Oct. 2 to spend \$190 million on AIDS programs.

## U.S. Union Chiefs Suspended

New York Times Service

WASHINGTON — A U.S. judge ordered the leaders of the three biggest unions for federal workers suspended Tuesday from federal employment for 60 days on his finding that they had illegally engaged in partisan politics by supporting the 1984 presidential campaign of Walter F. Mondale.

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# INTERNATIONAL HERALD TRIBUNE

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## Immunize the Children

It is often said about the United Nations that, however vexing its political forums, the specialized agencies do vital work. That is often true, and some of the work comes into deserved focus today. As part of the world organization's 40th anniversary, the secretary-general has arranged to have the General Assembly give a ceremonial boost to the campaign to get every member state to immunize all its children against diphtheria, tuberculosis, poliomyelitis, whooping cough, measles and tetanus by 1990. The six diseases are estimated to take millions of lives a year. They hover over families in the Third World like a dark cloud.

The startling thing about the immunization campaign, launched in 1974, is how quickly it has become feasible to end a scourge that has marked the whole of man's recorded history. Just in the last few years the requisite medical information and organizational resources have become widely enough available to make possible the provision of life-saving services to people and to sectors of society who never previously thought to expect them.

Much needs to be done both to spread an awareness among parents that their children can be saved and to assemble the vaccines,

trained personnel and local networks of primary health care. Much is being done, however, by the World Health Organization, the United Nations Children's Fund and such regional bodies as the Pan American Health Organization; by public authorities drawn by the political benefits as well as the social benefits of caring for their people (El Salvador broke off its war for three days earlier this year to let the children be immunized); by the providers of the funds. Up front is the immunization of children. Behind is the strategy of using that popular cause as the peg on which to organize comprehensive and continuing health care for people who have not had it.

Inevitably the poorer and more debt-ridden countries face special difficulties in applying scarce energies and foreign exchange to a program whose principal benefits flow to people with little political power. The IMF, the World Bank and other funding sources must do their part to ensure that crucial financial adjustments are not made at the expense of the poor. Horn-tooting sessions like the one planned today at the United Nations can help toughen up the politicians who are on the front line.

—THE WASHINGTON POST.

## A Better Deal for Aliens

When it comes to aliens, Americans are making a mess of both law and decency.

Mess number one concerns the Big Wink, which for years has been about the only federal policy. Yes, it is nominally illegal for undocumented aliens to enter America. But as long as employers have wanted their labor, no one has worked overtime enforcing the law.

Now Washington is starting to crack down on lawyers and others who facilitate fraudulent entry of illegals. That is a welcome sign of revitalization in the Immigration and Naturalization Service. So is the increase in alien apprehensions, up 35 percent in two years. Yet these remain marginal initiatives as long as the job magnet pull of the alien tide.

Mess number two is illustrated by Mayor Edward Koch's sensible, decent memo instructing New York City employees not to turn in illegal aliens unless they are somehow involved in crime. On the surface that sounds like advocating lawlessness. But the instruction is sensible and decent because it assails the lawlessness of the Big Wink.

America has implicitly welcomed millions of illegal aliens. But once on the scene they so fear discovery and deportation that many shrink from calling the police even after a rape, or from going to the hospital even when mortally ill. Social justice for these people urges that they get basic services. Sound government for the rest of society dictates that crime and

disease be contained. Economic fairness argues that Washington pay its share for the consequences of its permissive policy.

The two aims seem contradictory: Enforce vs. don't enforce. The contradiction can be broken by the following propositions:

- Illegal aliens should not be encouraged to sneak into the United States.
- If they do get in, it is in the common good for them to have minimal services, like police, with the costs fairly apportioned.
- If, having been nominally encouraged to beat the system, they do so for a long time, even a strict society should let them stay, under some statute of limitations. This is not Parcels, in which players can be captured and sent home even at the last minute. These are real, anguished lives, and under present law the only aliens who can stay are those who arrived before June 30, 1948.
- All three purposes can be achieved by the Simpson-Rodino-Mazzoli reform bill pending in Congress. It would forbid employers to hire illegals, thus tidyng up the law enforcement message. It would legalize aliens who have been in America for several years, alleviating the decency mess. It has already passed the Senate; the House Judiciary Committee has just finished hearings. Reasonable people can now turn to the full House and ask whether, instead of winking, it will stare the problem down.

—THE NEW YORK TIMES.

## Other Opinion

### Legal or Not, It Was Unwise

The execution of a black poet in defiance of pleas for clemency from around the world may have been a duly processed legal action in the name of law and order, but it was an unwise decision. Apartheid defies the universal principle of equality of citizens that is a pillar of the free world to which South Africa has political affiliation historically. Any claim to a legal action ceases to be just when a government can no longer justify the step from the standpoint of morality and humanitarianism.

—The Japan Times (Tokyo).

### Not the Way to Treat an Ally

There can be nothing but satisfaction at the arrest and detention in Italy of the four Palestinian hijackers of the Italian cruise liner Achille Lauro. The United States was right to force down the hijackers' aircraft even at substantial diplomatic risk. The war against international terrorism involves the acceptance of painful consequences. Even so, the fallout from the Achille Lauro affair has been far more serious than was necessary. For this one can only blame a remarkable degree of American insensitivity and high-handedness.

Repeatedly the Americans violated Italian airspace and territorial rights, and even approached a military confrontation with Italian troops in their efforts to snatch the Palestinians from Italian custody and whisk them off to the United States. And these provocative tactics, accompanied by equally provocative words, failed even to achieve the objective of capturing the Palestinian mediator-cum-terrorist leader [Mohammed] Abbas.

The problem presented by Mr. Abbas was one of extraordinary difficulty for Italy, a fact

which the Americans evidently declined to appreciate. The Achille Lauro affair began as an encouraging example of international cooperation against terrorism. It ended with a display of what must appear as imperial arrogance on a scale which no sovereign country, least of all a NATO ally, could be expected to tolerate. Mr. Reagan sent a government envoy on a peace mission to Italy, but it will take more than that to repair the damage.

—The Sunday Telegraph (London).

Mr. Reagan was right to object so strongly to the Italians' abominable handling of [Mohammed] Abbas. A nation so ready and able to combat terrorists at home was all too unwilling to thwart a terrorist chief from abroad.

—The Richmond (Virginia) Times-Dispatch.

### Testing the Troops for AIDS

All 2.1 million members of the military forces are to be screened for the AIDS virus—a move that has profound significance for the government's posture on this vast new health menace. Serious questions surround what use will be made of [the test] and whether the military will set an example that other government and, possibly, civilian employers will follow. Military personnel with AIDS will be honorably discharged. Those harboring the virus, but not yet sickened by it, are not to be assigned outside the United States, partly to avoid the risk of spreading the disease to sex partners in other countries. Across the country, many segments of society are watching to see not only how extensive infection with the AIDS virus is in the biggest group ever tested, but also what the United States will do to protect those found to be infected.

—The Boston Globe.

### FROM OUR OCT. 24 PAGES, 75 AND 50 YEARS AGO

**1910: Monarchs Hailed in Valencia**

MADRID — Reports from Valencia describing the reception of the King and Queen are enthusiastic. They have received ovations from all classes and their way has been strewed with flowers. Valencia is considered a Republican stronghold, and apprehensions were entertained about the visit, but the result only gives evidence of Don Alfonso's popularity. The monarchs went to the cathedral to attend a Te Deum and examined the image of the Virgin of Desamparados, of which the jewels are among the richest in the churches of Spain. Dona Victoria, taking from her breast a very rich jewel, handed it to the authorities in charge for the image. This caused ovations from the women. After their return to the palace, the King and Queen were repeatedly called to the balcony by the cheers of the people.

**1935: Americans Prefer Neutrality**

PARIS — The contrast between public sentiment in Europe, which is tense with war fears, and feeling in the United States, where people are occupied with domestic problems, was emphasized by Kenneth C. Rogate, president of "The Wall Street Journal" [on Oct. 23]: "My strongest impression in Europe is the tension and anxiety caused by the Italo-Ethiopian conflict, which are entirely lacking in the United States. There is no war fear in America—that is, no fear of America's becoming entangled in any war. The United States has gone back to its isolationist position, and everybody is convinced and thankful that we are well out of the European imbroglio. Whatever Americans may think of the present administration in other respects, its neutrality policy is thoroughly endorsed by public opinion."

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## The United States Needs Open Debate on Détente

By Stephen F. Cohen

PRINCETON, New Jersey — The greatest failure of American democracy today is the absence of a real national debate on U.S. policy toward the Soviet Union.

No international or domestic issue is more important, and nothing in the foreseeable future — including the Reagan-Gorbachev summit meeting — will change that fact. In the era of the U.S.-Soviet relationship is an ever-present question of global survival. And as government defense-spending soars beyond \$400 billion a year, it is, increasingly and inescapably, a question of how to sustain the quality of American life from education and social security to urban housing and agriculture.

Despite these ramifications, President Reagan's cold war policy has gone essentially unchallenged in the political mainstream for almost five years. Critics have lamented the administration's extreme rhetoric, objected to some of its weapons programs and doubted its commitment to arms control. But not one influential group or institution has seriously opposed Mr. Reagan's militarized approach to the Soviets, either by rejecting his underlying political premises or by offering the only alternative: a broad policy of détente.

As a result, in contrast to widespread controversies over other issues, mainstream discussion of U.S.-Soviet relations is narrow and superficial. It fixates on trivial or secondary matters such as pre-summit "public relations" and the efficacy of yet another weapons systems, while avoiding basic questions about the long-term goal of American policy. Is it to live peacefully with the Soviet Union as a coequal superpower, to roll back Soviet power in the world, to destroy the Soviet system?

No coherent policy is possible without answers to these and other questions about what kind of relationship America wants. The questions are not even being discussed.

The entire American political spectrum bears responsibility for this failure of the democratic process. The right is mindlessly committed to cold war, including military buildup, as an eternal virtue in itself. The left is instinctively against the arms race but has no ideas for achieving the broader political accords needed to end it. And the vaunted "bipartisan center" wishes only to stand safely somewhere between them.

More specifically, there is the baneful role of the national media, the Democratic Party and the legion of professional foreign policy intellectuals. Each has some capacity, as well as duty, to broaden and deepen public discourse about U.S.-Soviet relations. None has done so.

Ten years ago, for example, newspaper editorial pages and network

## Is Gorbachev Capable of the Gesture?

By Elie Wiesel

NEW YORK — When Ronald Reagan meets Mikhail Gorbachev in Geneva, I hope he will speak to him, among other things, of an innocent man who is now in danger of being sentenced to hard labor in the Soviet Union. His name is Leonid Volovsky.

He is a 45-year-old mathematician, and his trial opened last Friday in Gorki. His "crime" is active involvement with the large "refusenik" community there. His friends worry that the prosecution will use his case as a warning, handing down a severe sentence.

Leonid is married to Ludmila; they have a 17-year-old daughter, Kira. Their troubles began in 1976 when they applied for an exit visa to Israel. In the eyes of officialdom, Leonid became an outcast.

That remains the lot of all refuseniks. Overnight they are cut off, isolated, marked for harassment, abandoned by colleagues and humiliated by institutions. Still, they lean on each other and help each other to safeguard their sanity and morale.

I have met many refuseniks in the Soviet Union. I admire them. They are, to paraphrase Jean-Paul Sartre's expression, among the freest people in the land. I admire their courage, their exuberant spirit, their unfathomable faith. When I asked them what to send them from home, they answered: "Books, send us books." These books were needed for students and teachers — for the unofficial educational network that now exists throughout the Soviet Union.

Leonid Volovsky is one of that network's leading members. He learned Hebrew and English, and established seminars for Hebrew, Jewish history, Jewish literature and philosophy and ethics. In 1976 he was vice chairman of a committee that tried to convene a seminar on Jewish culture. That resulted in the first of

his several arrests, followed by relentless harassment. Searches were conducted in his home, materials were confiscated, threats were made. But he persevered, and hundreds of refuseniks owe him their Jewish education. In 1979 his seminar attracted 700 students.

The KGB reacted. Mr. Volovsky "lost" his materials, his Hebrew books. His modest apartment was taken. The scholar had to accept other jobs: elevator operator, photography salesman, garbage collector.

He was arrested on June 26 and charged under article 190-1 of the criminal code of the Russian Socialist Republic. In other words, he is accused of slandering the Soviet Union.

Nonsense. Leonid Volovsky and his refuseniks friends have nothing to do with politics. All they want is to join their families in Israel so that they can lead a Jewish life in accordance with Jewish law. When they meet, they discuss the Prophets, the Talmudic legends and classical Jewish authors, not politics.

I have known the refuseniks and I know they are more concerned with Jewish memory than with Soviet politics. This is what makes the Volovsky trial such an injustice. A conviction would be a scandal.

Let us hope President Reagan will find it important to raise this case along with hundreds of others, when he meets Mr. Gorbachev. The refuseniks place their hope in us. There are so many — Idia Nudel, Vladimir Slepak, Anatoli Shcharansky, Dan Shapiro, Joseph Begun, Vladimir and Anna Lifshits, Yuri Edeleshkin. The list could go on and on. Is Mr. Gorbachev capable of a gesture? Will he make it?

The writer, professor of the humanities at Boston University, contributed this comment to The New York Times.

## Japanese Are Flying a Foreign Course to Star Wars

By Hiroko Yamane

PARIS — As a leading technological power, Japan has proved vulnerable on the issue of the Strategic Defense Initiative. Despite its hesitations after the U.S. request for Japanese participation in the SDI, Tokyo has little choice but to go along with U.S. global military strategy.

Under current security arrangements, Japan's defense relies fundamentally on the U.S. nuclear umbrella and U.S. military technology. The United States pays virtually all of Japan's defense bill, since Japanese military spending is limited to roughly 1 percent of GNP. In addition to this military dependence, more than one-fourth of Japanese exports go to the United States market.

Japanese are satisfied with this security arrangement; they regard it as inseparable from their economic prosperity. According to a recent government poll, 54.1 percent of the population supports the present level of defense spending; only 14.2 percent advocates an increase, while 17.7 percent wants a reduction. Japanese see their country as a peace-loving commercial nation that finds its strength in its technological power.

So the more the U.S. Congress and administration criticize Japan's reluctance to change its basic commercial relationship with America, the more the Japanese government is obliged to find ways of participating in the U.S.-led defense strategy.

Tokyo was implicitly committed to the SDI through a November 1983 agreement concerning the transfer of military-related technologies. The agreement provides that Tokyo will authorize the transfer to America of technologies specified by a Joint Military Technology Commission.

Not only does the agreement legally exclude the United States

and strategic decisions concerning its security are made in America.

But is the Japanese government ready to question the nature of U.S.-Japanese security ties? Apparently, the time is not yet ripe for a qualitative change in Japanese defense policy. The recent opinion poll found that 69.2 percent of the population supports the current security treaty. That is the highest figure since the treaty was signed in 1960 against a violent wave of opposition.

The first case of application of the agreement involved technology developed by Toshiba, under the auspices of the Defense Agency, for use against arms exports. Japanese industries have learned to expand without relying on the arms market.

Supplying materials to a U.S. defense industry can lead to trouble. Kyoto Ceramic, which provided technology for the Tomahawk missile, had its U.S. subsidiary absorbed by American owners due to a U.S. regulation on security-related industries. Hitachi had to declare that, in providing products to the Lawrence Livermore Research Institute and the University of California at Santa Barbara, it did not know the

## Saint Laurent Has Aged: New Designs Play It Safe

By Hebe Dorsey  
*International Herald Tribune*

PARIS — Yves Saint Laurent has aged. So have his customers. This was the first impression of the collection that he showed on Wednesday.

"There was nothing wrong with the clothes, but they were just clothes, as his partner and friend, Pierre Bergé, kept saying after the show. "They're clothes," he said, "not gimmicks. Yves refuses to do gimmicks. It's not his style."

The truth is that Saint Laurent has been known to revolutionize fashion — and more than once. But

### PARIS FASHION

the man who dared to put boots, black leather and turtleneck sweaters on a couture runway was young and hungry and riding the Métro.

Today, Saint Laurent lives in a luxuriant and secluded world, and one has the feeling that he has lost touch with the enormous energy seeping out of the streets. His real love now is couture, which is superb. His ready-to-wear means exactly that — not creation, but classic and commercial clothes that will fill hundreds of Saint Laurent boutiques all over the world.

Retailers, who expect Saint Laurent to pull fashion rabbits out of a hat, were disappointed. The show was packed as usual with fashion professionals and fans — including Marie-Hélène de Rothschild, Hélène Rochas and Paloma Picasso. They followed the show as intently as ever, but the first real applause came at the end, for the black and gold lame evening dresses.

The collection was full of Saint Laurent's favorite themes, updated with a brighter palette and a few subtle changes. The clothes were still spare and sober, but there was something softer about gently

draped Jersey tops over flowing pants. There were lots of pants, always with high heels.

Hemlines hovered around the knees, but there was a new and younger, flared skirt that dropped to just about midcalf. The floor-length skirts, which looked as though they were made of curtain fabrics, were positively sweet. The big straw hats and short white gloves gave the collection a ladylike look.

The newest-looking jacket was the cropped bolero, with very full and round lapels, like the petals of a daisy, faced with white. Saint Laurent revamped his Spencer jacket by belting it and shaping it more sharply. The quilted Spencer also popped up several times, with a duo of chrysanthemum prints in mellow blues and raspberry.

The navy pea jacket appeared as another updated Saint Laurent classic, along with leather suits. Under the suits, Saint Laurent put T-shirts, print blouses or draped jersey tops.

Red provided a sharp accent, if not the whole story. Black, which Saint Laurent loves, was used only as a counterpoint and often mixed with prints. There were only two totally black outfits — including a black pantsuit with flowing black coat. The model did not wear any jewelry, just sunglasses and a black turban.

Colors, once again, were a strong point in this collection. Saint Laurent is unique when it comes to mixing maize and blue, soft rose with hot pink, or almond with bottle green. Here and there, he also introduced a strong dash of yellow.

People puzzled by the success of Jacqueline de Ribes, a socialite who recently turned designer, only had to look around the salon of the Grand Hôtel, where she showed her collection. The answer was there, in a bevy of some of the richest women in the world, all of them friends of Ribes. They like Ribes and her clothes, even if many of her designs look like line-for-line copies of Saint Laurent, especially a black and white chiffon gown that was shown only three months ago.

But a friend of Ribes's, who declined to be identified, said: "Yes, but Jacqueline's clothes are more feminine." Ribes, forever young, has been on the best-dressed list since the crib. She has an exquisite sense of color and an unerring eye when it comes to softening the edges. Her choice of fabrics was impeccable and the last dress, of pink organza, brought down the house.

Ribes also is the only designer to make simple and pure crepe gowns



Design in black and gold by Yves Saint Laurent.

Lambert photo

without a speck of embroidery. This appeals to her clients, who own tons of jewelry and feel they can wear them.

Women such as Baroness Carmen Thyssen-Bornemisza, at least three Rothschilds, and the wife of the former French prime minister, Eve Barre, loved every minute of the show. So did many American retailers, including executives of Saks Fifth Avenue. They have been taking Ribes's designs on trunk shows that seem to do very well, especially in the moneyed citadel of Palm Beach.

As for Hanan Mori, she is busy creating the costumes for La Scala's next production of "Madame Butterfly," which will be conducted by Lorin Maazel. This should suit her to a T, since the butterfly is the good-luck charm of the Japanese designer.

The first three dresses of her col-

lection were cut from brightly colored cottons printed with butterflies, and butterfly pins held the draping of a pretty black dress. There is never anything aggressive about Mori, who keeps delivering gently elegant, well-made clothes that have found a niche in Paris. Her slim clothes gently grazed the figure, and her ladylike hem stopped right at the knee. The broad-shouldered, belted suits had a well-groomed look, especially the pale beige gabardine.

Besides a tricolor theme, Mori showed a lot of black, including a classic pantsuit made of a unusual Japanese wrinkled silk that has been used in the more avant-garde Japanese collections.

Footnote: The house of Chanel and Karl Lagerfeld have dispelled rumors of a split by announcing that their relationship will continue.

### 800 Chinese Herdsmen Stranded in a Blizzard

*The Associated Press*

BELING — Chinese Army planes and tractors have been sent to rescue 800 herdsmen and 90,000 head of livestock stranded by a blizzard since late last week in the mountains of western China's Qinghai province, the press reported Wednesday.

The state-run Peasant Daily said the storm Thursday and Friday was the worst in the area since 1956, and covered pastures with a foot and a half (about half a meter) of snow.

Ribes also is the only designer to

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## Djerejian: A Nonpolitical Diplomat

Foreign Policy Spokesman Brings New Style to White House

By Bernard Weinraub

New York Times Service  
WASHINGTON — Edward P. Djerejian, the first career Foreign Service officer in years to serve as a White House spokesman, has emerged as one of the more unusual figures at 1600 Pennsylvania Avenue.

He is a nonpolitical diplomat amid Republican appointees, a fairly candid spokesman in a White House whose officials often are stoutly unresponsive.

Mr. Djerejian, 46, was hired by the White House spokesman, Larry Speakes, over the summer to replace Robert B. Sims, the former chief expert of foreign policy in the White House press office who moved to the Pentagon as chief spokesman.

Since then Mr. Speakes and Mr. Djerejian have more or less assumed control over the Reagan administration's foreign policy pronouncements. It was Mr. Speakes, for example, rather than the State Department, who issued the White House response to the hijacking Oct. 7 of an Italian cruise liner, the Achille Lauro, in which an American was killed.

But Mr. Speakes denies that he has deliberately sought to supersede the State Department and its spokesman, Bernard Kalb.

Noting that the first White House briefing of the day, at 9:15 A.M., comes before the State Department briefing at noon, Mr. Speakes said: "If we try to defer things to the State Department, it just wouldn't wash. An example is the Israeli raid into Tunis. You can't duck those questions."

Mr. Djerejian, who was No. 2 to Mr. Kalb at the State Department, had previously served as a political officer in the Middle East, France and the Soviet Union.

So far, the chief complaint about him from White House correspondents is that he still is learning the job and thus lacks the authority of Mr. Sims.

Mr. Djerejian arrives at the White House by 6:30 A.M. to confer with officials on the National Security Council and the State Department before preparing the morning "guidance" for Mr. Speakes.

Throughout the day, he fields scores of telephone inquiries before leaving the White House, often after the evening news broadcasts. On most evenings at home he gets still more telephone inquiries.

Mr. Djerejian concedes that there are plenty of professional risks in accepting a highly public, often politically sensitive job.

"I think basically some of my friends think I'm suicidal," he said. "In this job, there's tremendously

high potential for public error. You have to maintain both substantive credibility and personal integrity with the press corps and with colleagues."

Mr. Djerejian grew up in the New York City borough of Queens, the son of Armenian political refugees who worked in the restaurant business. A talent for languages — he now speaks French, Russian, Armenian and Arabic — and a yearning to travel led him to enter the Foreign Service in 1963, after receiving a degree from Georgetown University and serving in the U.S. Army in Korea. He lives in suburban Maryland with his wife and two children.

At the White House, he said, the constant jousting between spokesmen and the press surprised him. "I don't sense hostility on the part of the press, but excessive cynicism and, at times, distrust," he said. "There has been this rooting of distrust that I trace to Vietnam. It causes what seems to be hostility, but it's really undue cynicism."

Mr. Djerejian also said he was unaccustomed to the White House's rapid decision-making process, as compared to the more formal clearances required at the State Department.

"You have to get used to making final decisions without clearing

French to Vote on March 16

*Agence France-Presse*

PARIS — The French general elections will be held on Sunday, March 16, 1986, it was announced Wednesday. The elections are to be held under the proportional representation system for the first time.

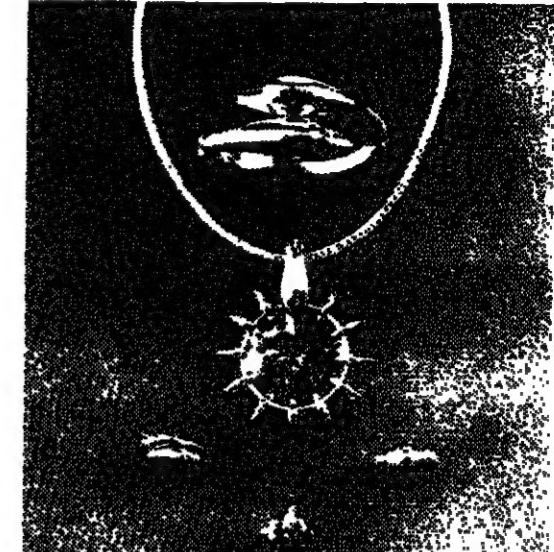


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## U.S. Indicates It Would Be Less Hurt Than South Africa by Chrome Cutoff

United Press International

WASHINGTON — U.S. officials appear unimpressed by the prospect of Pretoria stopping exports of chromium to the West in retaliation for the economic sanctions that have been imposed against South Africa.

President Pieter W. Botha, in a speech at a political rally Monday, raised the possibility of a cutoff of chrome. He said of the Western countries that have imposed limited economic sanctions, "By digging a hole for South Africa, they could end up harming themselves." Mr. Botha said his country could put a million Americans out of work by stopping chromium exports.

Although the State Department has had no formal comment on Mr. Botha's remarks, U.S. officials suggested that South Africa's vulnerable economic position could make the threat difficult to carry out. There was no reported reaction from Europe.

Chromium is one of the metallics known as the Big Four. The others are cobalt, manganese and the platinum group of metals, all of which South Africa supplies.

A recent book, "The World of Strategic Metals," quotes a steel company executive as saying: "Without these you couldn't build a jet engine or an automobile, run a train, build an oil refinery or a power plant. You couldn't process food, under present laws, or run a sanitary restaurant or a hospital operating room. You couldn't build a computer, clean up the air and water."

None of the four metals is produced in the United States, but South Africa is not the sole source of any of them.

Although U.S. officials acknowledged that a cutoff would create some economic disruption, they discounted Mr. Botha's threat for several reasons:

- The United States has strategic reserves of all of the imported metals sufficient to cover at least a short disruption of supplies. Reagan administration officials have told Congress that some stockpiles are excessive and should be reduced to save money.

- Not only are alternate sources for the metals being discovered, such as the African states of Gabon for manganese or Zimbabwe for chrome, but substitute processes are being developed, such as recycling old automobiles for the platinum in their exhaust systems.

- Mr. Botha's speech, in the view of U.S. officials, appeared aimed at impressing a local political audience, not at sending a danger signal around the world.

- Not only are the Western countries less vulnerable than they used to be, but South Africa, because of the drop in the price of gold and the economic problems growing from the political disruptions, has become more vulnerable economically.

### Other Assessments Differ

A U.S. congressman knowledgeable on the subject said Tuesday that a chromium embargo would have serious economic conse-

quences for the United States, but a study released earlier this year by the Office of Technology Assessment noted that the United States has weathered strategic metal cutoffs in the past. The Associated Press reported from Washington.

Representative Don Fuqua, a Democrat of Florida and chairman of the House Science and Technology Committee, said that Mr. Botha's threat should be taken seriously. Sudden and prolonged loss of supplies could hurt the auto industry in particular, he said, and perhaps cost jobs.

Mr. Fuqua, whose committee has conducted hearings on the dependence on South African materials, said the government should take an active role in developing alternative sources and substitute materials.

But he said that South Africa might be angered enough to forgo the income and jobs for the sake of retaliation. He said that chromium amounts to only about 1 percent of that country's gross national product.

The study by the congressional Office of Technology Assessment said that the United States has weathered four cutoffs of such materials since World War II without dire consequence.

On two of those occasions chrome was the material withheld, once in the late 1940s, when the Soviet Union halted its supplies, and the other from 1966 to 1972, when the United Nations imposed an embargo on Rhodesian chromi-

The study said that industry has the ability to develop advanced materials to substitute for chrome in alloys and other applications, and that much chromium can be recovered with recycling. To a lesser extent, it said, the United States can develop other countries as sources.

According to the study, South Africa accounted for 34 percent of world production of chromium in 1982. The Soviet Union accounted for 33 percent, and other sources included Canada, Brazil, Finland, Turkey, India, the Philippines, Australia and Zimbabwe.

The United States imported 48 percent of its supplies from South Africa and 17 percent from the Soviet Union.

John D. Morgan Jr., chief staff officer for the U.S. Bureau of Mines, pointed to the use of other minerals as substitutes, such as tungsten and others found in the United States. He said there still are other countries with chromium reserves that could be developed to replace South Africa in the event of a cutoff.

"The government has expressed its strong viewpoint on discussions with the ANC, which is a murderous organization," said a presidential spokesman in Pretoria. He said the group was "controlled by communists who reject religion."

The pastors seem determined to go ahead with the meeting. Their leader, Nico Smith, a white missionary in the black branch of the racially segregated church, said in a television interview Tuesday that they were not trying to challenge the government but felt called upon to seek reconciliation between South Africa's conflicting forces.

Since mid-September, groups of South African businessmen and opposition politicians have met separately with the congress's leaders, with the outlawed organization.



Kenneth Kaunda

## Shultz Sought to Block Bill to Aid Angola Rebels

By David Hoffman  
Washington Post Service

WASHINGTON — Secretary of State George P. Shultz appealed privately this month to Robert H. Michel, the Republican leader in the House of Representatives, to oppose legislation that would provide \$27 million in aid to non-Communist guerrillas fighting the Marxist government in Angola, but Mr. Michel refused, according to correspondence between them.

Mr. Shultz said in an Oct. 12 letter to Mr. Michel that "in recent weeks" both the South African government, which backs the rebels, and the Angolan government had expressed interest in negotiations. He opposed aiding the guerrillas because, he wrote, a U.S. mediating effort "needs to be pursued forcefully."

But the appeal, in a letter marked "eyes only" for Mr. Michel, touched off an angry response from Mr. Michel and other congressional Republicans who are pushing the Reagan administration to provide the nonlethal aid. Mr. Michel retorted in a letter to Mr. Shultz that the assistance was "not only a geostrategic but a moral necessity."

Mr. Shultz's letter, made available Tuesday by sources sympathetic to the rebels, comes as the Reagan administration is in the midst of a major review of whether to aid the guerrillas of the National Union for the Total Independence of Angola, which is known as UNITA from its Portuguese initials.

At issue is whether the United States should provide either military or humanitarian aid to the group, whose guerrilla fighters in

## Africa Leaders Bring Warning to UN

### Speakers Implore West to Apply Sanctions on Pretoria

By James Brooke  
New York Times Service

UNITED NATIONS, New York — African leaders sounded a common theme in their speeches this week to the General Assembly: The world faces a choice between imposing economic sanctions on South Africa or watching a destructive explosion by the black majority there.

"A catastrophic explosion which will engulf all of us in the region is imminent," President Kenneth D. Kaunda of Zambia said in a speech Tuesday.

"If you don't apply sanctions," he said, "hundreds of thousands of people will die and the investments will go up in flames. With sanctions, there is a possibility of recovery."

After expressing his disappointment over Britain's refusal to endorse full sanctions at a Commonwealth meeting in the Bahamas, Mr. Kaunda said that the greatest hope for the success of sanctions was with the American people.

"We are dependent on the American people pressuring to go ahead with sanctions," he said. "All I can say is, please continue."

President José Eduardo dos Santos of Angola, in addition to joining the call for economic sanctions, told the General Assembly that constant South African attacks on his country justified the presence of Cuban troops in Angola.

"Today, there are still Cuban military forces in Angola," he said. "For the simple reason that the intervention of foreign armed forces in our country had not stopped."

[Mr. Dos Santos will visit Cuba soon at the invitation of President Fidel Castro. The Associated Press in Mexico City quoted the Cuban news agency Prensa Latina as reporting Wednesday.]

The president of Guinea-Bissau, João Bernardo Vieira, denounced South African support for anti-government rebels in Angola. Guinea-Bissau shares a common

Portuguese colonial heritage with Angola.

The president of Equatorial Guinea, Lieutenant Colonel Teodoro Obiang Nguema, used part of his speech to make a plea for respect for younger and weaker nations. Equatorial Guinea, on the west coast of Africa, won its independence from Spain in 1968 and a population of 266,000.

"It is lamentable," he said, "to note the negative practices of some countries in relations with weaker states to create in them internal problems which create crises or weaken their independence."

Among the derelict practices by the large toward the small, he said, were "the importation of ideologies which don't correspond to the life style of the population, protectionist policies over manufactured goods and the lack of transfer of technology which impose indefinite dependency on the younger countries."

The president of the Comoros Islands, Ahmed Abdallah Abderane, devoted a large part of his speech to an African decolonization issue overlooked by most of his colleagues. The largely Islamic population of the Comoros — three volcanic islands in the Mozambique Channel, between Mozam-



Corbis Photo  
José Eduardo dos Santos

bique and Madagascar — won its independence from France in 1975.

In a referendum in 1976, however, the largely Christian population of a fourth island in the archipelago, Mayotte, voted to remain with France. Mayotte, the Comoros president said, "remains today illegally occupied and administered by the old colonial power."

"La France," he said, "has played the role of a large knife coldly cutting a piece of meat, thus making of our country a three-legged ox."

## Commonwealth

### Urge Battle on Drugs, Terrorism

New York Times Service

NASSAU, Bahamas — The Commonwealth heads of government have ended a weeklong meeting here with a call for international cooperation in fighting drug trafficking and terrorism.

In a statement, the leaders of 46 countries said they were "deeply concerned" by "the extent to which the profits made by drug traffickers were used in criminal and subversive activities" and by "the increasing toll on innocent lives" of international terrorism.

Prime Minister Lyndon O. Pindling of the Bahamas, the host for the meeting, was questioned about charges that he has received large amounts of money from unidentified sources in connection with drug trafficking.

He said that he had already "answered adequately" to the charges.

The leaders also repeated their condemnation of South Africa's racial policies. They said they welcomed the coming arms talks between the United States and the Soviet Union as "an implicit withdrawal of American sympathy for South-West Africa, or Namibia."

Mr. Michel retorted that any ad-

ditional attempt to stop the aid to UNITA from the Soviet Union as "an implicit withdrawal of American sympathy for freedom fighters."

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## SCIENCE

**Computers of the Future May Run on Light, Not Electricity**

By William J. Broad  
New York Times Service

**S**INCE it's nearly half a century ago, the computer revolution has advanced by virtue of a single physical phenomenon: that streams of speeding electrons can start or stop the flow of other streams of electrons. In short, electrons can act as a switch.

This principle was first used in computers made of vacuum tubes, then transistors, then the powerful assemblies of thousands of transistors known as silicon chips. It is why computers run on electricity, which is simply billions of electrons in motion. All computers rely on digital switching by streams of electrons.

Today, however, a few scientists believe they are on the verge of a radical change in the fundamentals of the field. They envision computers that run on light instead of electricity.

Skeptics believe it impossible, but the goal of these scientists is to abandon electrons for the tiny packets of light known as photons.

The attraction is that photonic computers could work thousands of times faster than the best possible electric ones, and could process data in remarkable new ways.

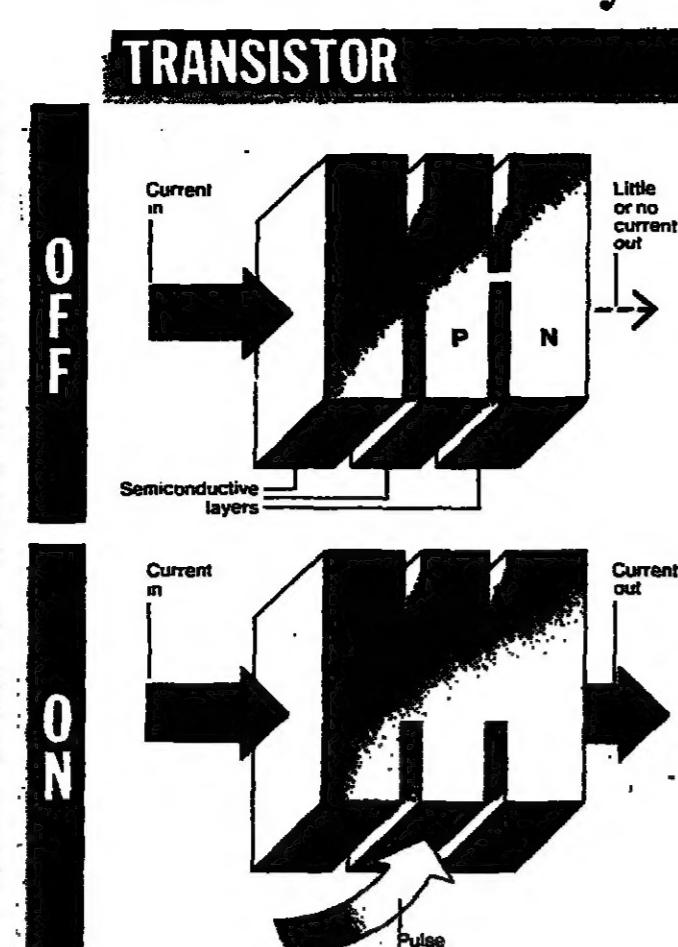
"The key to the future is to go from electrons to photons," said Dr. Rustum Roy, professor of solid-state science at Pennsylvania State University and past director of the university's Materials Research Laboratory.

"It's like trying to conquer Mount Everest," said Dr. Alan Huang, director of the newly formed Optical Computing Department at AT&T Bell Laboratories. "We're doing something with a lot of risk. We're taking the first step on a journey of 1,000 miles."

Yet, despite this challenge, Dr. Huang believes his Bell labs team can create, within just a year, a primitive prototype of an optical computer and, within five years, a working full-scale model — "a real number-cruncher," as he put it. He quickly added that Bell labs has a reputation for innovation, having invented the transistor, the laser, the laser and many devices that have advanced the art of manipulating light to man's advantage.

**T**HE key is to create an optical analog of the transistor, which is still the muscle behind computation. It would switch light on and off in a way similar to that in which a transistor switches electricity. Great strides are already being reported in the creation of flashing switches, sometimes known as transphasons, that would lie at the heart of optical computers.

According to scientists, the advantages of computing with light



Diagrams show how electric switches work (left), compared to how optical switches would operate.

are many, the first being speed. Under ideal conditions, electrons can move close to the velocity of light. But in the real world of silicon chips, electrons are slowed to less than 1 percent of light's velocity. Even in the miniature world of microelectronics, this means the majority of a computer's time is spent not crunching numbers but waiting for electrons to move from one place to another. To date, most increases in computer speed and power have come from shrinking the distance between electronic parts at a machine's heart, which cuts the idling time. But this approach is close to its limits.

In contrast to the laggard pace of many electrons, photons, by definition, always travel at the speed of light, which is about 186,000 miles (300,000 kilometers) per second. The switching action produced by photons can be up to 1,000 times faster than electrons.

The second great optical advantage comes from the fact that photons have no charge or mass; they are often thought of as ghostly

waves rather than particles. Unlike electrons, photons have little effect on other nearby photons and can even pass right through each other.

This phenomenon excites computer scientists because multiple beams of light in an optical switch could remain separate, whereas several currents in a single transistor inevitably become mixed.

To scientists, this optic ability evokes visions of being able to exploit better than ever before an innovative computer architecture known as parallel processing. Instead of solving problems step by step — as most computers throughout the world do today — parallel machines break apart computational puzzles and solve their thousands or millions of separate parts all at once. The upshot is greater speed. True parallel processors are extremely difficult to build. Computer scientists hope that optical switches cross-crossed by beams of light could be the basis for advanced types of parallel processing.

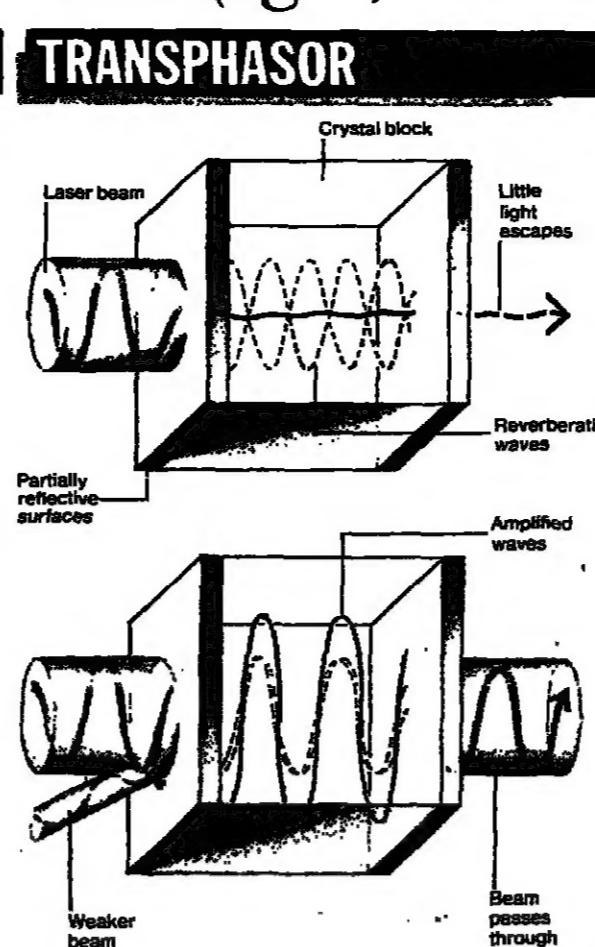
Another general advantage is that optical switches might be able to operate in more than the "off" and "on" states of transistors, which are sometimes known as "0" and "1." Additional functions could be created, for example, by having increasing but discrete levels of laser brightness in an optical switch. These bursts of light could be the basis for creating a richer logical system, representing, for instance, "0," "1," "2," "3," and so forth. This could allow scientists to go far beyond the binary logic that has long dominated computer design.

For now, however, the quest to create optical switches is hampered by the very quality that makes photons so attractive — their ability not to interfere with each other. If the "interference" between two streams of electrons, after all, that creates the switching action in transistors.

Pioneers in overcoming this non-interference hurdle are researchers at Heriot-Watt University in Edinburgh. Their solution, known as the transphason, fires a laser beam, a highly focused light, at a special type of crystal that is made of indium antimonide. Most of the beam bounces off it, but some also passes inside, where it bounces back and forth, with very little escaping.

However, when a second, weaker laser is also directed at the crystal, increasing only slightly the intensity of the light, a major threshold is reached inside the crystal and the reverberating waves of light start to reinforce one another, causing laser light to suddenly flush out the other side of the crystal. In effect, a weak beam of photons exerts control over a strong one. The leverage is similar to that in a transistor, where a weak flow of electrons can control a strong one.

At the moment, such optical switches require a great deal of power and are much bigger than



silicon electronic devices. Moreover, each optical switch is separate, as transistors were in the 1950s. The universal goal among scientists in the field is to shrink optical switches and pack them tightly together. Their role model is the electronics industry, whose products become much more powerful and much less expensive only after thousands of transistors could be squeezed onto a single chip, the integrated circuit.

Dr. Huang's team at Bell Labs is focusing on the creation of tiny optical switches, mainly out of gallium arsenide, a material often used in solar cells and semiconducting lasers. The principle is said to be more exotic than the Heriot-Watt transphason, and is wrapped in the secrecy that often surrounds proprietary research at giant corporations. Though hurdles remain, Dr. Huang says the team is excited with its progress. "We set deadlines and find ourselves exceeding them," he said.

A report on the research, conducted by Gerry Oster, a medical economist at Policy Analysis Inc., a research company, and presented at a conference in San Francisco on smoking and reproductive health, concluded that the newborn care of the babies of smoking mothers, averages \$170 more than that of infants whose mothers did not smoke.

**IN BRIEF****Smokers' Infants Cost More in Care**

BOSTON (AP) — Smoking mothers gave birth to 31,000 underweight children in 1983 in the United States, and the cost of caring for such dangerously small infants in their early days is \$152 million a year, a study concludes.

Undersized babies frequently must be placed in intensive care units, where the cost of saving one infant can run to tens of thousands of dollars. The study concluded that maternal smoking is responsible for 5 percent of the total annual cost of newborn intensive care in the United States, according to John Pinney, executive director of Harvard's Institute for the Study of Smoking Behavior and Policy.

A report on the research, conducted by Gerry Oster, a medical economist at Policy Analysis Inc., a research company, and presented at a conference in San Francisco on smoking and reproductive health, concluded that the newborn care of the babies of smoking mothers, averages \$170 more than that of infants whose mothers did not smoke.

**Potent Appetite Stimulant Identified**

DALLAS (AP) — A chemical previously identified in the human brain has been found to be the most potent appetite stimulant known, and researchers say it could play a critical role in binge eating, anorexia and other eating disorders.

When the chemical, neuropeptide Y, was injected into the brains of rats, they began overeating within minutes and by the third day were eating more than twice what they would normally consume, Sarah Leibowitz, a neurobiologist at The Rockefeller University in New York said at a meeting of the Society for Neuroscience. The rats' daily weight gain was more than four times their normal gain during 10 days of testing.

Neuropeptide Y causes a craving for carbohydrates, the food groups that includes many snack items and sweets favored by binge eaters. Dr. Leibowitz said. She believes that it works in concert with norepinephrine, one of the so-called neurotransmitters that brain cells use to communicate. Both substances have been found to coexist in the human brain, and norepinephrine is also known to stimulate carbohydrate cravings.

**Device Could Prevent Crib Deaths**

SAN ANTONIO, Texas (AP) — A mattress-imbedded monitor that could alert parents of babies at risk of sudden infant death syndrome when the child's breathing or heart stops was displayed at the American Academy of Pediatrics Convention.

The computerized monitor, called Lifewatch, requires no wires or tape-attached electrodes to the infant's body, according to Anne Calisoff, of the Emerging Technology Corp. of Boca Raton, Florida, which developed the device. If approved by the Food and Drug Administration, Lifewatch would be available on a prescription basis for rentals of about \$250 a month in the United States, she said.

Sudden infant death syndrome is a condition in babies in which breathing stops for about 20 seconds. The mattress monitor sends signals to a remote microprocessor that keeps track of the infant's condition. If the baby's heart of breathing stops, the computerized unit sets off an alarm. It also gives voice directions on what emergency steps to take, Miss Calisoff said. An advantage of the unit is that it allows monitoring without disrupting parent-infant bonding, she said.

**Novel Explanation of Moon's Origin**

WASHINGTON (NYT) — An Indiana University astronomer has proposed a new explanation of how the Moon was formed, the National Science Foundation announced on Monday.

Dr. Richard H. Durisen used a supercomputer to simulate the behavior of a rotating fluid object that might have been like the Earth in an early stage of its formation.

If the Earth was a molten, rapidly spinning body, he concluded, then the simulations suggest that the rotating fluid would be unstable and would develop a thick ring of material around it. The Moon could then have formed from part of the ring of material that spun away from the Earth, while the rest of the ring was scattered and lost, he suggested. However, if the Earth formed as a solid body, no instability would have occurred and no ring of material would have spun off, he acknowledged. Dr. Durisen's explanation is a refinement of the long-held "fission theory" that the Moon separated from the Earth at an early stage of development.

**NYSE Most Actives****Dow Jones Averages****NYSE Index****Wednesday's NYSE Closing****AMEX Diaries****NASDAQ Index****AMEX Most Actives****NYSE Diaries****NYSE Bond Averages****Odd-Lot Trading in N.Y.****Standard & Poor's Index****AMEX Sales****AMEX Stock Index****Shares Close Higher on NYSE****United Press International****New York — Share prices finished higher**

Wednesday on the New York Stock Exchange in active trading.

The Dow Jones industrial average, which rose 0.22 Tuesday, settling a closing record, finished up 2.80 at 1,367.16.

Advances led declines by a 4-to-3 ratio among the 1,989 issues traded and volume amounted to 121.7 million shares compared with 111.3 million Tuesday.

Analysts said buying in the technology sector after Digital Equipment issued a stronger-than-expected earnings report Tuesday aided the market.

But Charles Comer of Oppenheimer & Co. said that it was "grasping at straws" to conclude from the firmness in the high-tech issues that the market would go higher.

"The buying in the technology sector has given the market a little bit better tone but it is not important enough to support a sustainable advance," Mr. Comer said.

"Takeovers are still the only game in town," Mr. Comer said, adding that the buoyancy those deals have lent the market could evaporate if one of them falls through. "The uncertainty built into the takeover game can keep the market off balance," he said.

Harry Vilos of Sutro & Co. in Palo Alto, California, said the market would "back off" for the rest of the week. He said the market would move to new highs again, propelled there partly with cash that has built up as a result of takeovers and leveraged buyouts.

Before the market opened, the Commerce Department reported U.S. consumer prices rose 0.2 percent in September, a figure in line with economists' expectations.

Wall Street was disappointed by the government's report that U.S. durable goods orders in September fell 1.1 percent. Economists noted the figure was depressed by a sharp decline in defense orders, a component of the durable goods data that tends to be quite volatile.

The Labor Department reported that gross weekly earnings for U.S. workers rose a seasonally adjusted 0.7 percent in September.

Fremont Fund Corp., the largest initial public offering in American history, was the most active NYSE-listed issue and higher.

Beaird Cos. was up in active trading.

IBM was gaining. Burroughs and Digital Equipment, after climbing 4% Tuesday on a stronger-than-expected earnings report, were up.

Chrysler was ahead. The company reached a tentative three-year labor agreement with the United Auto Workers that could end an eight-day strike by Chrysler workers in the United States.

Northwest Airlines was lower. It reported third-quarter earnings fell to \$1.55 a share from \$1.97 a share in the year-earlier quarter.

Eastern Airlines and Western Airlines were also losing ground.

R.H. Macy was moderately lower after jumping more than 16 points Monday on news that the company's senior management intend to make a leveraged buyout proposal of \$70 for all Macy's shares.

Other retailers were mixed. Federated Department Stores was down and Woolworth's was up.

Shares closed higher on NYSE

United Press International

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trading elsewhere.

Via The Associated Press

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AMEX prices P.14  
AMEX highs/lows P.14  
NYSE prices P. 8  
NYSE highs/lows P.12  
Corporation stocks P.14  
Common stocks P. 9  
Commercial stocks P.12  
Dividends P.12  
Offer reports P.14

THURSDAY, OCTOBER 24, 1985

## WALL STREET WATCH

## Fidelity's Magellan Leads Flotilla of Mutual Funds

By EDWARD ROHRBACH

*International Herald Tribune*

BOSTON — Peter S. Lynch, the helmsman of Fidelity Investments' \$3-billion Magellan fund, leader on virtually all the long-term performance charts that rank Wall Street's flotilla of often muddier mutual funds, has just returned from visiting 25 European companies over three weeks. It was his first business trip to Europe in more than 10 years, with ports of call in Sweden, Norway, Switzerland, Italy and West Germany. But he will be voyaging back in November after only a month in Fidelity's home harbor here, this time checking out current and potential stock investments in the United Kingdom and France.

Why such a focus on the old world?

Mr. Lynch pointed out that the top performing U.S. mutual fund over the year's first nine months was his firm's very own Fidelity Overseas Fund.

And as the name implies,

Magellan was chartered in 1963 to dabble in foreign investments. Overseas investments have risen gradually over the last five years, he noted, and today account for 14 percent of the fund.

"Markets just aren't efficient when you compare them worldwide," he said. "That's how I got into Volvo — a bell went off in my head when I was analyzing GM and Ford that included research into some of their foreign competitors."

M. R. LYNCH added that Unilever appeared more attractive to him than Procter & Gamble and Royal Dutch caught his eye when he was looking at Mobil.

"I'd just bought some Anheuser-Busch, then discovered Heineken employed much more conservative accounting. I didn't sell my Bud [the U.S. Budweiser beer], but began buying Heineken," he said. Semiconductors are another example he cited. "I lost my shirt and part of my pants investing last year in U.S. companies. But Philips NV, actually a big player in the field, was making a nice gain then for the fund."

European banks have also helped keep Magellan buoyant. Mr. Lynch noted that while investment in Manufactures Hanover was sinking 20 percent, shares in Deutsche Bank doubled.

He said the first step in evaluating a European company is checking out its financial position. This is comparatively easy he said. But also important, though harder, is adjusting earnings to make comparisons with U.S. companies in the field.

"If you can find a European company with a balance sheet better than its American competitors and [which] is also spending more on R and D, it's probably a very good buy," he declared. "Mine is a top-down approach. I do it by industry. I don't look at currencies, inflation rates or politics."

Mr. Lynch thinks American investors are probably a "reverse indicator" who typically get interested in foreign stocks after the big gains have been made.

By the time two or three research reports have been written by major U.S. brokerage firms recommending a foreign company, or the up-to-the-minute price becomes available on your Quotron machine, he said, "the issue probably only has three to six months life left in it."

Asked how he as an American living in Boston could hope to discover better investments overseas than non-Americans could already in place, he replied, "I don't know if I'm doing better than money managers over there. I'm paid to beat" the averages here.

The truth is, stock market indexes have been "slow boats to China" compared with Mr. Lynch's flank-speed performance at Magellan since he took over seven years ago. The fund is up almost a dozenfold.

Perhaps even more impressive, and as the advisory letter Mutual Fund Forecaster points out, "Magellan is one of the very few funds in history that has managed to produce just as a spectacular performance after its assets exceeded \$1 billion as it had before they reached the \$100-million level."

Mr. Lynch has constantly expanded the number of stocks in

(Continued on Page 13, Col. 4)

## Currency Rates

## Cross Rates

Oct. 23

	S.	D.	U.S.	F.F.	U.L.	G.M.	R.F.	S.F.	Yen
Amsterdam	2,272	4,484	112.04	22.02	4,649	112.04	22.02	4,649	120.00
Bremen	3,237	6,474	20.26	—	6,474	20.26	—	6,474	247.75
Frankfurt	2,472	4,927	22.05	—	4,927	22.05	—	4,927	192.0
London	1,423	2,846	11.25	1.12	1,423	2,846	1.12	1,423	120.15
Paris	1,782	3,564	11.25	1.12	1,782	3,564	1.12	1,782	300.45
New York	1,423	2,846	11.25	1.12	1,423	2,846	1.12	1,423	120.15
Tokyo	2,572	5,144	11.25	1.12	2,572	5,144	1.12	2,572	215.25
Zurich	2,146	4,292	11.25	1.12	2,146	4,292	1.12	2,146	180.00
1 ECU	8,026	16,052	22.05	4.41	16,052	22.05	4.41	16,052	180.81
1 DM	2,272	4,484	112.04	22.02	4,484	112.04	22.02	4,484	120.00
1 F.F.	1,423	2,846	11.25	1.12	2,846	11.25	1.12	2,846	120.15
1 G.M.	1,423	2,846	11.25	1.12	2,846	11.25	1.12	2,846	120.15
1 R.F.	1,423	2,846	11.25	1.12	2,846	11.25	1.12	2,846	120.15
1 S.F.	1,423	2,846	11.25	1.12	2,846	11.25	1.12	2,846	120.15
1 Yen	1,423	2,846	11.25	1.12	2,846	11.25	1.12	2,846	120.15

Closeout in London and Zurich. Holdings in other European centers are in Swiss francs. Yen rates of 140.00.  
(a) To buy one pound; (b) To buy one franc; (c) Amounts needed to buy one pound (c) Amounts needed to buy one dollar; (d) Units of 1,000 (e) Units of 1,000 (f) Units of 10,000 (g) Not available; (h) Not available

Other Dollar Values

Currency per U.S.\$

Austria, Madrid 5.47

Austria, S. 1.294

Austria, schfl. 18.47

Belgium, Br. 1.215

Belgium, Fr. 1.215

Canada, C. 1.243

China, C. 0.8518

Denmark, krona 1.0760

Dollars, Irish 1.0750

Dollars, Irland 0.9522

Egypt, pound 1.25

Sterling, £ 1.2035

Sources: Banque des Belges (Brussels); Banco Commerciale Italiano (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (Washington); BAIU (London); BNP (Zurich). Other data from Reuters and AP.

Currency per U.S.\$

Currency per U.S.\$

Denmark, krona 1.0760

France, francs 161.10

Germany, D. 1.215

Germany, F. 1.215

Greece, drachma 1.215

Iceland, króna 1.215

Ireland, pound 1.215

Italy, lira 1.215

Japan, yen 1.215

Luxembourg, franc 1.215

Netherlands, guilder 1.215

Norway, krone 1.215

Sweden, krona 1.215

Switzerland, franc 1.215

United Kingdom, £ 1.215

United States, dollar 1.215

Yugoslavia, dinar 1.215

Yuan, renminbi 1.215

Yuan, yuan 1.215

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# Wednesday's NYSE Closing

Tables include the nationwide prices  
as of the closing on Wall Street  
and do not reflect late trades elsewhere.

(Continued from Page 8)

	12 Month High Low Stock	Div. Yld. PE	\$1 100 High Low	Close Last Chg.	Close Gnd. Chg.
144	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
145	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
146	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
147	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
148	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
149	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
150	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
151	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
152	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
153	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
154	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
155	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
156	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
157	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
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162	12-12 12-12 12-12	2002 41	45 45	+ +	+ +
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## BUSINESS ROUNDUP

**FCA's Quarterly Profit Totaled \$12.3 Million***The Associated Press*

LOS ANGELES — Financial Corp. of America on Wednesday reported a profit in the third quarter — only the second gain it has shown in the past 1½ years when it accumulated losses of \$675.4 million.

FCA, based in Irvine, California, is the largest U.S. savings-and-loan holding company and the parent of Stockton-based American Savings & Loan Association.

For the three months ended Sept. 30, FCA said it earned \$12.3 million, or 22 cents a share, versus \$1.2 million, or an equivalent loss of 10 cents a share after payment of preferred dividends, a year earlier.

Revenue was down 9.5 percent in the quarter, to \$781 million from \$863.5 million.

The company's nine-month loss narrowed to \$43.7 million from a \$78.4-million loss a year earlier, on a 3-percent decline in revenue, to \$2.32 billion from \$2.4 billion.

FCA also said it added \$140 million to its provision for problem loans during the third quarter, raising the total \$1.7 billion. The figure was \$1.36 billion at the end of the second quarter and \$1.13 billion at the end of last year.

As a result, FCA added \$25.6 million to its reserves to cover possible loan losses, bringing total re-

serves to \$472.6 million, the company's chairman and chief executive, William Popejoy, said.

"We believe the addition to loan loss reserves at this time is both prudent and necessary, largely because a sluggish real-estate market has increased delinquencies and foreclosures in our portfolio of single-family mortgages," Mr. Popejoy said.

FCA confirmed the new reserves were set up to cover troubled mortgages acquired during the tenure of Charles Knapp, forced out as head of the company in August 1984.

At the end of last year, the company set aside \$421.6 million in loss reserves because of mortgages issued during Mr. Knapp's tenure. A special task force established last year to dispose of the troubled loans has sold \$266 million of the loans.

FCA said its American Savings unit had a net increase in deposits in the third quarter of \$25.8 million. But \$43.5 million in deposits came from its acquisition of Pacific Savings Bank. Without those funds, FCA would have shown a net deposit loss of \$183.1 million.

FCA began losing money during the second quarter of last year, when it was forced by regulators to restate earnings and show a deficit for the quarter of \$107.4 million.

**Household to Sell Retail Unit for \$700 Million***The Associated Press*

CHICAGO — Household International Corp. has tentatively agreed to sell its merchandising subsidiary, one of the largest U.S. retail operations,

for nearly \$700 million.

The leveraged buyout was initiated by a group of investors including Donaldson, Lufkin & Jenrette Securities Corp., a New York investment firm, and Fox-Meyer Corp., a Denver drug wholesaler, and is expected to be completed by the end of the year, Household International said Tuesday.

Household Merchandising, with annual sales of \$3.4 billion, includes 176 Von's supermarkets in California and Nevada, 739 TG&Y discount stores in the Sun Belt, 1,629 Ben Franklin variety stores and 1,079 Coast-to-Coast hardware stores.

Household International, which reported \$8.3 billion in sales last year, owns Household Finance Corp., National Car Rental and a manufacturing subsidiary.

In a leveraged buyout, a group of investors takes a public company private by buying control with borrowed money.

Masanobu Ikeda, the managing director, said that losses from for-

**JVC Parent Net Falls 49%, VTR Price Drops Blamed***Reuters*

TOKYO — Victor Co. of Japan, which makes phonograph records and video equipment, said Wednesday that parent company net profit fell 49 percent in the six months ending Sept. 20.

Earnings fell to 4.51 billion yen (\$20.5 million) or 19.51 yen per share, from 9.01 billion yen, or 39.06 yen per share, in the like 1984 period.

Sales slipped 1 percent, to 306.50 billion yen from 310.05 billion yen, the company said.

In the half ending Sept. 20, sales in the audio equipment division fell 4 percent, to 49.50 billion yen from 51.58 billion yen. Television sales rose 25 percent, to 45.06 billion yen from 35.92 billion.

Sales of video tape recorders and related equipment fell 5 percent to 198.06 billion yen from 208.99 billion due to a fall of about 20 percent in VTR market prices.

Citing the sales declines, JVC also revised its profit forecast downward to 10.54 billion yen from 18 billion yen for the year ending March 20, 1986. Profit in fiscal 1984 was 19.70 billion yen.

JVC also noted slow sales in office automation equipment and the yen's appreciation against the dollar in revising its forecasts.

Masanobu Ikeda, the managing director, said that losses from for-

ign exchange were expected to be about 4 billion yen in the current year.

The company forecasts sales for the year at 615 billion yen, down from the 680 billion yen estimated earlier and compared with 650.06 billion yen in sales the previous year. It said that it expects to retain a 12.50-yen dividend for 1985-86.

**BET PLC in Bid For SGB Group***Reuters*

LONDON — BET PLC said Wednesday it is bidding for the whole of SGB Group, an engineering equipment concern, in an offer valuing SGB at 2111 million (\$155.4 million).

But SGB rejected the offer, describing it as inadequate. The terms of the bid are three new deferred ordinary shares in BET for every four SGB ordinary shares.

C.H. Beazer (Holdings) PLC, which earlier this month made a tender offer for 25 percent of the issued share capital of SGB, said it could not comment on BET's bid until after publication Thursday of the result of the Beazer offer.

SGB's shares touched 273 pence in London Stock Exchange trading after Wednesday's developments.

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**E.F. Hutton Profit Fell 61% To \$6.7 Million in Quarter***The Associated Press*

NEW YORK — E.F. Hutton Group Inc., parent of the U.S. brokerage house, said Wednesday its profit dropped 61 percent in the third quarter, to \$6.7 million from \$23.1 million a year earlier.

But Phibro-Salomon Inc., in a separate announcement, reported its after-tax earnings improved 17 percent to \$139 million, or 94 cents a share, in the third quarter from \$119 million, or 83 cents a share.

The decline in E.F. Hutton's net income lowered earnings per share to 25 cents from 90 cents in the quarter. But the company noted that last year's third-quarter net

was bolstered by a \$14-million retrospective tax credit.

This year's results were aided by the Aug. 1 sale of E.F. Hutton Credit Corp. to Chrysler Financial Corp.

A gain in revenue, which rose 11 percent to \$750.6 million in the latest quarter from \$675.1 million a year earlier, was absorbed by higher salaries and other expenses, according to Robert Fomon, E.F. Hutton chairman and chief executive officer.

Nine-month net totaled \$55.8 million, or \$2.09 a share, up 96 percent from \$28.4 million, or \$1.11, a year earlier. Revenue totaled \$2.27 billion, up 25 percent from \$1.82 billion.

Phibro-Salomon Inc. is a holding company for two separate subsidiaries, Salomon Brothers Inc. and Philipp Brothers Inc.

In the first nine months, Phibro-Salomon's net amounted to \$425 million, or \$2.89 a share, up 24 percent from \$342 million, or \$2.39.

"The company's third-quarter performance maintained the momentum of recent periods," said John H. Gutfreund, chairman and chief executive officer of Phibro-Salomon.

Revenue totaled \$6.99 billion in the quarter, 6 percent down from \$7.45 billion a year earlier. Nine-month revenue totaled \$19.31 billion, down 8 percent from \$21.03 billion.

**Deutsche Bank Plans New Issue***Reuters*

FRANKFURT — Deutsche Bank AG said Wednesday it is raising nominal capital by 117 million Deutsche marks (\$45 million) to 1.58 billion DM through a one-for-15 share issue.

The new 50-DM nominal shares will be offered at 450 DM each. This compares with a closing share price on the Frankfurt bourse Wednesday of 680 DM.

The issue, believed by bankers to be the largest in West German history, will raise 1.05 billion DM in cash. The issue will be launched between Nov. 12 and 26 and the new shares will qualify for a full 1985 dividend.

**COMPANY NOTES**

Alcoa of Australia Ltd. will cut alumina production at its Kwinana refinery in western Australia to 70 percent of capacity for an indefinite period. The cutback will reduce output to around 1-million metric tons yearly.

Afitalia shareholders will vote next month on a proposed listing of the company's ordinary voting shares on Italian exchanges. Sources said earlier this month that 15.38 percent of Afitalia's ordinary share capital would be offered to existing private holders of preferred stock in mid-November.

Avalon Corp. has withdrawn its \$6-per-share tender offer for Maynard Oil Co. and has agreed to sell its 7.4-percent Maynard Oil stake back for the same price. The two companies have agreed to terminate all pending litigation.

Babcock & Wilcox signed a contract with Beijing Boiler Factory to spend \$12 million on a joint venture to produce power-station boilers. The U.S. partner will provide designs, technology and quality control.

Brambles Industries Ltd. reached agreement to acquire a further 40 percent of Groupe Caib from Groupe Bruxelles Lambert SA to take its holding in Caib to 90 percent. Brambles said it will pay about 30 million Australian dollars (\$21 million) for the additional stake.

Brierley Investments Ltd. will seek shareholder approval to broaden its offshore equity base through a 20-million-share placement and an 82-million New Zealand dollar (\$46.5 million) Swiss franc convertible bond issue.

Bull, the French state-owned computer firm, has received a small order for an experimental batch of "smart cards" from Royal Bank of Canada. The cards allow customers

computerized access to a wide range of banking information. They will be supplied through Bull's U.S. subsidiary.

Crown Zellerbach Corp. said its announced restructuring will have resulted in 1,000 layoffs between March 1 and the end of the year. Severance pay accounted for a restructuring charge of \$106.2 million, after taxes, which resulted in the third-quarter loss of \$84.6 million announced Monday.

Dragonair plans to enlarge its share capital, and companies associated with Sir Y.K. Pao have agreed to take a minimum 30 percent stake. Mr. Pao would assume the chairmanship of Dragonair. Hong Kong Macao International Investment Corp. would take a 25 percent stake.

Harris Graphics Corp. is now owned 8.4 percent, or 833,000 shares, by New York investor Ivan Boesky, according to a filing with the U.S. Securities and Exchange Commission. He is considering a leveraged buyout.

Skinner Engine Co. of the United States has joined a consortium of British companies to build two coal-fired steamship engines for a Polish passenger ferry which will operate in the Baltic. The ship will be built by Kockums, and experts believe it will be cheaper to run on available Polish coal.

**Bom's Wholesale Sales Rise***Reuters*

WIESBADEN, West Germany — Wholesale sales in West Germany totaled 72 billion Deutsche marks (\$27 billion) in September, an inflation-adjusted rise of just under 4 percent from a year earlier, the Federal Statistics Office said Wednesday.

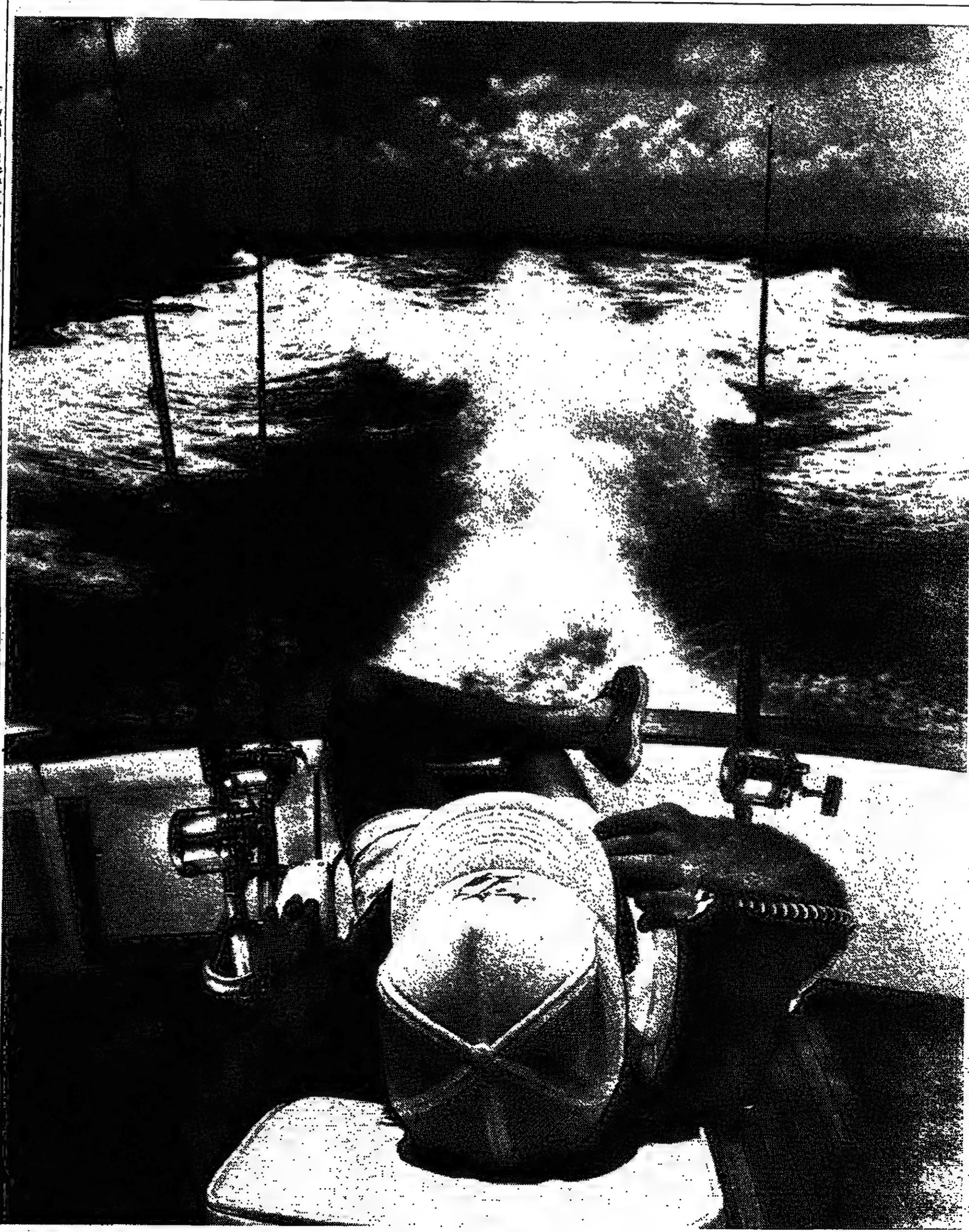
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## Baker: U.S. Is Not 'Arm-Twisting' on Debt Plan

By Clyde H. Farnsworth  
New York Times Service

WASHINGTON — Treasury Secretary James A. Baker 3d has testified that the U.S. government was not "arm-twisting" commercial banks or promising either federal guarantees or regulatory relief to persuade them to lend an additional \$20 billion to developing countries over three years.

"If the banks participate in this it will be because they find it is in their self-interest," he said Tuesday at a hearing before the House Banking Committee. "They've got loans in trouble. It's like any other workout situation. It's possible that reflows will make bad loans into good loans."

At another point, Mr. Baker characterized the loans that commercial banks have made to Third World countries as "an ox in the ditch."

Although many banks have already acknowledged extreme reluctance to increase their lending to the Third World, Mr. Baker said, the response was "positive" in the constitutions he has had with key bankers. But he acknowledged that smaller American banks were not eager to increase their lending.

Mr. Baker was reporting to Congress for the first time on a plan he proposed two weeks ago at the joint meeting of the World Bank and the International Monetary Fund in Seoul, South Korea, to improve the

condition of cash-starved debtor countries and strengthen the world trading system.

The plan calls for \$29 billion of new money to be made available over three years to countries that streamline their economies. About \$20 billion would come from commercial banks, with \$7 billion from the total from American commercial banks. About \$9 billion of the new money would come from multilateral development banks such as the World Bank and the Inter-American Development Bank.

Although Mr. Baker stressed that he was not coming to Congress for federal money at this time, he left open the possibility that the administration would ask Congress later for more money for the World Bank.

### ■ Peru Assails Baker Plan

Luis Alva Castro, prime minister of Peru, said Wednesday that the U.S. plan was designed to prevent unity among debtor nations, Reuters reported from Lima.

Speaking to Peru's senate, he said the condition in the Baker plan that each debtor country must handle on a case-by-case basis was an attempt to prevent these nations from making joint demands.

Peru has said it will bypass the IMF in renegotiating its debt with foreign creditors and will not receive any missions from the fund.

## Targeting U.S. Firms From Abroad

(Continued from Page 9)

sionals it has working on international projects.

The specialists stress that corporate strategies, not favorable exchange rates, are the motivating force behind most major acquisitions.

"The real point is that exchange rates are not driving this activity," said Mr. Rosen of First Boston. "It is much more fundamental than that. I was in England for a couple of days this week, and we asked British companies what effect the weaker dollar would have on their acquisition strategy. The consistent response was, 'It's merely the icing on the cake, and we're hungry for the cake.'"

Michael Henning, managing partner of Ernst & Whitney in New York, said, "I don't feel the strength and weakness of the dollar has any major impact." As long as foreign companies borrow in dollars to make the acquisition in dollars, he said, "they are hedged."

But Frederick Adler, a venture capitalist and financier who specializes in leveraged buyouts, said, "A European technology executive from a \$1-billion-a-year company commented to me that since the drop in the dollar, their interest has increased. We've seen a pick-up in interest, and it's a logical pick-up."

The increased interest has been especially noticeable in high technology, a segment that has attracted foreign companies, even though it is undergoing a major shakeout.

"The cheaper dollar has to make it easier for foreign companies to come in," said Gilbert Mintz, a partner at Broadview Associates which is a broker for mergers and acquisitions in the data-processing services industry.

The cheaper price for American technology is going to spur a brisk round of foreign acquisitions here

in America," Mr. Mintz said. "It will be interesting to see what their impact will be on American software firms. We've seen interest from a number of foreign firms — Thorn EMI, Olivetti, Reuters, Per-Sammon.

The major area of aggressive interest seems to be Great Britain, and there's also interest from France," he said. "I think it's just a matter of time before the Japanese get their act a little bit more together."

British companies led foreign activity last year with 50 major agreements in industries ranging from retail to oil to industrial products, according to Mergers & Acquisitions magazine. Canadian and Japanese companies were the next most active.

But a key difference recently has been the size of the acquisitions. Recently, they include Royal Dutch/Shell Group's \$3.4-billion acquisition of Shell Oil, Broken Hill Pty. of Australia's \$2.4-billion acquisition of Utah International Co. and Hanson Trust's \$487.6-million acquisition of United States Industries Inc.

Several Japanese companies, such as the computer giant Fujitsu Ltd. and the ballbearing manufacturer Minebea Co., already have shown a willingness to come into the United States by taking over U.S. firms.

Fujitsu's stake in the Amdahl computer company and Minebea's recent acquisition of New Hampshire Ball Bearings Inc. reflect Japanese desires to establish equity positions in U.S. companies that have a good technology and distribution base.

"An American company is good for ideas, development capabilities and marketing," said Takami Takahashi, Minebea's president. "We're much better at the production."

Mr. Mustafa of Citicorp said, "We are looking at companies for the Japanese. They are starting to fine-tune their criteria for acquisitions. While there are no hostile acquisitions yet, one of them will come in on a public issue and win a bidding war, and there is a certain tendency to follow the leader in Japan, so that would mean more hostile-acquisition activity."

While some merger experts believe that hostile takeover bids by such companies as Unilever and Hanson are the beginning of a round of aggressive foreign takeover attempts, Sir Gordon White, who directs Hanson's U.S. activities, said last week that he thinks just the opposite is true.

Sir Gordon said that his company's controversial fight for control of SCM has exposed unfair and complex anti-takeover tactics used by U.S. corporations, which will discourage future hostile takeover bids by foreigners.

"The feedback I'm getting from Great Britain and France is that they are horrified," Sir Gordon said. "They cannot understand how companies in the U.S. are allowed to put in restrictions that take power away from shareholders. In Britain, the shareholders get the best deal."

He said he does not expect other foreign companies to attempt to enter the U.S. market because, "they cannot understand these tactics."

"I can't imagine French or Italian companies" getting involved in a takeover attempt in which aggressive anti-takeover tactics are used, Sir Gordon said. "They don't even speak the same language."

Ironically, merger and acquisition battles between U.S. firms also may spark new foreign acquisitions, Mr. Mustafa said.

## Magellan Stays Ahead

(Continued from Page 9)

the fund, enabling him to invest in many relatively small firms. Today, the portfolio holds securities of more than 800 different companies, making Magellan the most widely diversified non-index fund in America.

But with his Titanic-sized boat

speeding through the iceberg-in-

fested waters of investing, is the

captain worried?

Mr. Lynch said he only phoned back from Europe to his managing director's office at Fidelity every third day. "If a stock plummets, I usually try not to panic and wait until the dust settles," he said, adding that the fund is always very close to 100-percent invested.

A basic investment strategy he described is to purchase all the companies he might find attractive in a group, say five stocks, and "if one goes up 30 to 40 percent — assuming all the fundamentals stay the same — I'll sell that one and buy more of the other four."

Mr. Lynch admits to being too aggressive. "Stocks I've thought would go up 12 times have at best about broken even. The more sizzle the less steam. Then there are the nicely profitable companies over the last five years that I bought where I thought I might be able to make a 30-percent gain. They've gone up tenfold."

So what is his top stock pick right now? Volvo, of which Magellan already owns 1.8 million shares.

CBS Aims to Sell TV Station

*The Associated Press*

NEW YORK — CBS Inc. said it would seek a buyer for its St. Louis television stations as part of a strategy to recoup capital spent on discouraging an unfriendly takeover by television magnate Ted Turner.

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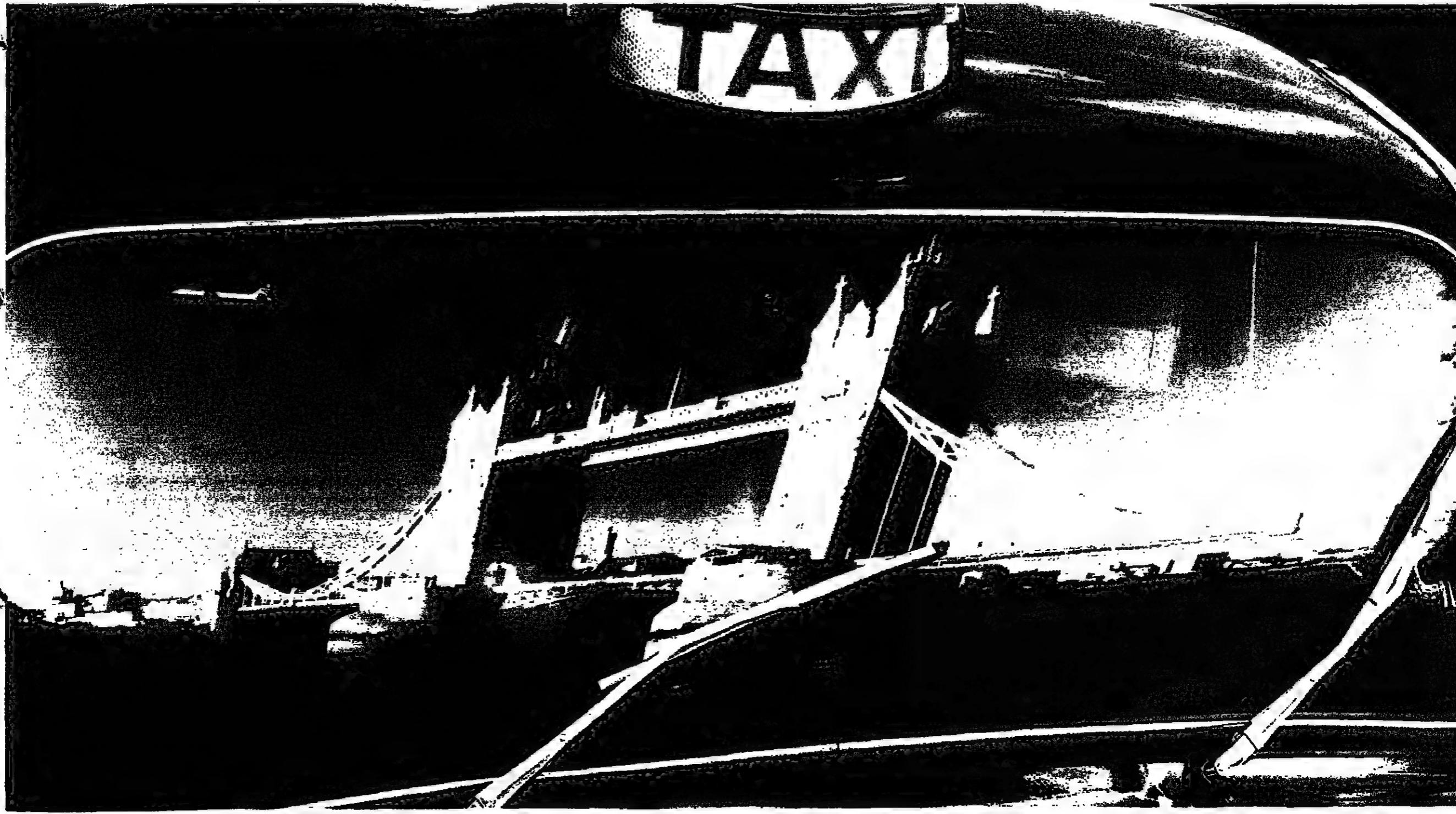
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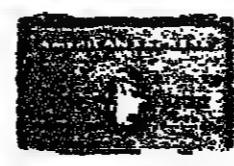
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## CURRENCY MARKETS

## Dollar Listless in Quiet European Trading

Compiled by Our Staff From Dispatches

**LONDON** — The dollar closed slightly lower in Europe Wednesday, but essentially remained fixed in its recent trading pattern after one of the quietest sessions in recent weeks, dealers said.

The U.S. currency closed in London at 2,637 Deutsche marks, up from an opening 2,635 DM but below Tuesday's close of 2,6410 DM. Any buying interest was again restrained by the threat of central bank intervention.

Dealers said that in strategic terms the dollar remained stuck in a trading range of 2,6150 DM to 2,6450 DM.

The British pound closed at \$1.4335 in London, little changed on the opening of \$1.4345 and slightly firmer from Tuesday's close of \$1.4330.

Some dealers said that the Bank of Japan had sold as much as \$300 million in Tokyo to keep the dollar from rising against the yen. But there was little reported inter-

vention on the part of central banks in Europe, the dealers said.

In Tokyo, the dollar closed at 215.75 Japanese yen, slightly higher than Tuesday's close of 215.50 yen. Later in London, the dollar was quoted at 215.82 yen.

Dealers also reported a strong demand for dollars by multinational corporations on Wednesday. Central bank intervention and the threat of it are all that are holding down the U.S. currency, the dealers said.

Financial officials of major industrial nations agreed Sept. 22 to intervene to depress the dollar to reduce the U.S. trade deficit.

"There is no alternative to the dollar, its relatively high (interest rate) yields and the fact that it is the currency of a country that is politically and economically strong."

Wednesday's tranquility was briefly interrupted by a surprise 1.1-percent overall drop in September U.S. durable goods orders, greater than the 0.5-percent increase that had been expected. This

caused a flurry of selling in which the dollar fell below 2,6300 DM.

But as it was realized that the indicator showed a 0.7-percent increase, the dollar recovered its poise. An exceptional level of defense orders had boosted the indicator in August.

The 0.2-percent rise in U.S. consumer prices last month, the same increase as in August, also helped to boost the dollar, dealers said.

Other late dollar rates, compared with late Tuesday's, included: 2,1663 Swiss francs, down from 2,1673; 8.0325 French francs, down from 8.0335; 2,9735 Dutch guilders, down from 2,9805, and 1,778.80 Italian lire, up from 1,782.50.

The commercial South African rand closed at 38.85 U.S. cents, little changed from Tuesday's close of 38.85 U.S. cents. It was unaffected by the meeting in London between South Africa and 30 of its creditor banks on the country's moratorium on debt repayments.

(Reuters, AP)

## Canada Sets Bank Probe In Bahamas

United Press International

OTTAWA — The Canadian government is investigating reports that Canadian banks are heavily involved in laundering drug money in the Bahamas.

Solicitor General Perrin Beatty said Tuesday that he was checking at the request of the leader of the official opposition in the Bahamas.

"My guess is that my response will be that the operations of Canadian enterprises operating in the Bahamas fall under Bahamian law," he said.

A report published Tuesday in the Montreal Gazette said a year-long Bahamian inquiry into drug trafficking and high-level corruption revealed in December the transfer of huge amounts of cash out of the country through the Royal Bank of Canada.

According to the report, more than \$12 million in drug-related money flowed through the Royal's branch office on the tiny island of Bimini.

The opposition Free National Movement leader, Kendall Isaacs, told the Montreal Gazette that the banks were tempted to accept money in U.S. cash for deposit. "The amounts were large and they stood to make a profit."

Canadian banks dominate banking and insurance throughout the Caribbean. Four Canadian banks, including the Royal Bank of Canada, account for 80.7 percent of total domestic deposits and 79.5 percent of domestic loans in the Bahamas.

The report concluded that the large increase in U.S. dollar deposits "is directly related to the flow of drugs."

## Canada

Imported OH

3rd Quar.	1985	1984
Net Inc.	2,712	1,425
Over Net	152.0	125.0
Over Share	0.92	0.89
Revenue	1,955	1,948
Per Share	0.67	0.64
Over Net	434.9	344.5
Over Share	2.46	2.24

9 Months

Year	1985	1984
Revenue	7,472.2	6,424.4
Per Share	2.11	1.94
Over Share	2.07	1.84

Over Net

1985	1984	
Revenue	5,923	5,389
Per Share	1.67	1.56
Over Net	434.9	344.5
Over Share	2.46	2.24

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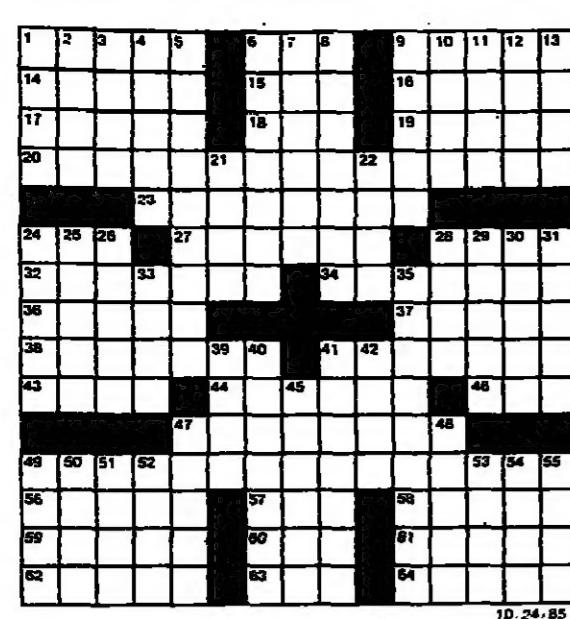
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## PEANUTS



## BLONDIE



## BEETLE BAILEY



## ANDY CAPP



## WIZARD OF ID



© New York Times, edited by Eugene Moleski.

## DENNIS THE MENACE



"MR. WILSON ISN'T ALWAYS MAD. HE JUST HAS A FACE THAT A SMILE WON'T FIT ON."

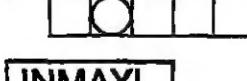
## JUMBLE

Unscramble these four Jumbles. One letter to each square, to form four ordinary words.

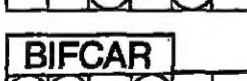
## BUAQ



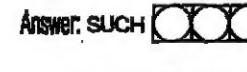
## WETIC



## INMAYL



## BIFCAR



Answer: SUCH

(Answers tomorrow)

Yesterday's Jumble: APART WHOSE IMPUNG TAMPER Answer: Some people with the gift of gab never know when to do this—WRAP IT UP

## WEATHER

## EUROPE

	HIGH	LOW	HIGH	LOW
Aleppo	24	15	12	8
Asterdam	22	15	12	8
Berlin	21	15	12	8
Bordeaux	21	15	12	8
Bonn	21	15	12	8
Brussels	21	15	12	8
Bucharest	13	12	12	8
Copenhagen	20	15	12	8
Dakar	20	15	12	8
Dublin	15	12	12	8
Edinburgh	15	12	12	8
Frankfurt	15	12	12	8
Geneva	11	12	12	8
Istanbul	17	12	12	8
Las Palmas	25	15	21	12
Ljubljana	17	12	12	8
London	17	12	12	8
Luxembourg	15	12	12	8
Minsk	15	12	12	8
Oslo	15	12	12	8
Paris	15	12	12	8
Prague	15	12	12	8
Reykjavik	6	4	4	2
Rome	15	12	12	8
Stockholm	15	12	12	8
Szczecin	12	8	12	8
Turin	15	12	12	8

## AFRICA

	HIGH	LOW	HIGH	LOW
Algiers	25	22	15	12
Cario	26	22	15	12
Cape Town	26	22	15	12
Conakry	24	22	15	12
Harare	24	22	15	12
Khartoum	24	22	15	12
Nairobi	24	22	15	12
Tunis	24	22	15	12
Windhoek	24	22	15	12

## LATIN AMERICA

	HIGH	LOW	HIGH	LOW
Buenos Aires	28	25	22	18
Caracas	28	25	22	18
Lima	28	25	22	18
Mexico City	28	25	22	18
Panama	28	25	22	18
Porto Alegre	28	25	22	18
Salvador	28	25	22	18
Santiago	28	25	22	18
Santo Domingo	28	25	22	18
Venezuela	28	25	22	18

## NORTH AMERICA

	HIGH	LOW	HIGH	LOW
Anchorage	25	22	15	12
Atlanta	25	22	15	12
Boston	25	22	15	12
Calgary	25	22	15	12
Denver	25	22	15	12
Detroit	25	22	15	12
Houston	25	22	15	12
Los Angeles	25	22	15	12
Montreal	25	22	15	12
Seattle	25	22	15	12
Toronto	25	22	15	12
Vancouver	25	22	15	12
Victoria	25	22	15	12
Winnipeg	25	22	15	12
Yukon	25	22	15	12

## MIDDLE EAST

	HIGH	LOW	HIGH	LOW
Beirut	15	12	20	15
Jerusalem	15	12	20	15
Tel Aviv	15	12	20	15

## OCEANIA

	HIGH	LOW	HIGH	LOW
Auckland	20	18	13	12
Darwin	20	18	13	12
Sydney	20	18	13	12
Tasmania	20	18	13	12

Cloudy: 10-17; 18-25; 26-33; 34-41; 42-49; 50-57; 58-65; 66-73; 74-81; 82-89; 90-97; 98-105; 106-113; 114-121; 122-129; 130-137; 138-145; 146-153; 154-161; 162-169; 170-177; 178-185; 186-193; 194-201; 202-209; 210-217; 218-225; 226-233; 234-241; 242-249; 250-257; 258-265; 266-273; 274-281; 282-289; 290-297; 298-305; 306-313; 314-321; 322-329; 330-337; 338-345; 346-353; 354-361; 362-369; 370-377; 378-385; 386-393; 394-401; 402-409; 410-417; 418-425; 426-433; 434-441; 442-449; 450-457; 458-465; 466-473; 474-481; 482-489; 490-497; 498-505; 506-513; 514-521; 522-529; 530-537; 538-545; 546-553; 554-561; 562-569; 570-577; 578-585; 586-593; 594-601; 602-609; 610-617; 618-625; 626-633; 634-641; 642-649; 650-657; 658-665; 666-673; 674-681; 682-689; 690-697; 698-705; 706-713; 714-721; 722-729; 730-737; 738-745; 746-753; 754-761; 762-769; 770-777; 778-785; 786-793; 794-801; 802-809; 810-817; 818-825; 826-833; 834-841; 842-849; 850-857; 858-865; 866-873; 874-881; 882-889; 890-897; 898-905; 906-913; 914-921; 922-929; 930-937; 938-945; 946-953; 954-961; 962-969; 970-977; 978-985; 986-993; 994-1001; 1002-1009; 1010-1017; 1018-1025; 1026-1033; 1034-1041; 1042-1049; 1050-1057; 1058-1065; 1066-1073; 1074-1081; 1082-1089; 1090-1097; 1098-1105; 1099-1116; 1117-1124; 1125-1132; 1133-1140; 1141-1148; 1149-1156; 1157-1164; 1165-1172; 1173-1180; 1181-1188; 1189-1196; 1197-1204; 1205-1212; 1213-1220; 1221-1228; 1229-1236; 1237-1244; 1245-1252; 1253-1260; 1261-1268; 1269-1276; 1277-1284; 1285-1292; 1293-1294; 1295-1296; 1297-1298; 1299-1300; 1301-1302; 1303-1304; 1



## ART BUCHWALD

**Mending U.S. Fences**

**WASHINGTON** — Now that the Achille Lauro hijacking crisis is over, many fences have to be mended.

"Which ones?" I asked the State Department man in charge of fence mending.

"Egypt's, for one."

"Why are they out of sorts?"

"Because we forced their jetliner with the PLO down over Libya."

"What's wrong with that?"

"Egypt is one of our closest friends, even though they lie a lot."

"Why did they lie to us this time?"

"Because Mubarak wanted the terrorists out of his country as fast as possible, so the PLO would not organize another hijacking against Egypt to force the first thugs' release."

"How would you describe President Mubarak's posture at this moment?"

"Shocked and miffed. But it isn't his fault. If he didn't publicly take a



tough line with the U.S. the religious fundamentalists would chop off his head."

"What about Italy's fences?"

"We have to mend them because we violated Italian air space to bring down the Egyptian airliner flying the terrorists to Tunisia."

"Werent the Italians glad that we forced the plane down on their soil?"

"No, they thought we played a dirty trick on them. Italy has such good relations with the Palestinians they didn't want to ruin them by having to deal with a few malcontents who took over one of their Italian cruise vessels. What broke the camel's back for the U.S. was that after we forced the Egyptian plane to land in Sicily, Prime Minister Craxi released Abu Abbas, who allegedly was the brains behind the entire mess."

"I'll bet Craxi's sorry now."

"He is. Even the prime minister's own government was appalled that he gave Abbas a free ticket to Yugoslavia."

"So when do we have to mend fences with Italy?"

"The sooner the better. Up until the hijacking Craxi was our best pal in NATO's southern flank. The only ones who hated him were the Fascists and Communists."

"What's the bottom line?"

"The bottom line is the U.S. has proved that it will follow terrorists to the ends of the earth. But Egypt's going to need some strong fencing if we become friends again."

"How much fencing?"

"Would you believe \$2 billion?"

"Now what about Italy? Who were you thinking of as a replacement for Prime Minister Craxi?"

"We never interfere in another country's affairs, but we were hoping it would be Lee Iacocca."

**Donation to Opera House**

*The Associated Press*

**LONDON** — The Royal Opera House, Covent Garden, has been given £1 million (\$1.4 million) by Jean Sainsbury, 60, a retired public relations consultant. The annual income will be used to sponsor a classical opera or ballet, and to assist with repairs and redecoration of the 2,200-seat theater.

**You've Come a Long Way, Scribe**

By Irvin Molotsky  
*New York Times Service*

**WASHINGTON** — After a century or so of reporting mostly about Washington weddings, first ladies and White House teas, the women's contingent in the capital's press corps in recent years has begun taking leading and highly visible roles covering the White House, Congress, the Supreme Court and economic affairs.

Helen Thomas, the White House correspondent for the United Press International, is the senior news agency reporter covering the president, and it is she who is heard to end news conferences with "Thank you, Mr. President."

Helen Dewar is the senior congressional correspondent of The Washington Post. And, before going on maternity leave, Linda Greenhouse covered the Supreme Court for *The New York Times*.

In addition, millions of Americans see women like Leslie Stahl of CBS News and Andrea Mitchell of NBC News reporting from the White House on television and hear others on radio, for example Susan Stamberg and Cokie Roberts, on "All Things Considered" on National Public Radio.

To recall the difficult past and to call attention to recent successes, the National Press Club on Tuesday honored women in Washington journalism. The press club, too, has come a long way: it once barred women from membership.

"It took me 27 years to get into the National Press Club," said Sarah McLendon, chairwoman of the event, who published one journal, *Paid Fry*, from 1831 to 1836 and another, *The Huntress*, from 1836 to 1854.

Royal wrote that she once followed John Quincy Adams when he went for his morning plunge in the Potomac River and sat down on his clothes, refusing to budge until he answered her questions.

The first to be admitted to the Congressional press galleries was Jane Grey Swisselm, a Pittsburgh reporter who had persuaded Horace Greeley to buy her articles for the *New York Tribune*.

Besides being kept from members, McLendon said, women were not permitted to enter the men's bar at the press club. Politicians and lobbyists often passed along inside information to reporters at the bar, she said, adding that the bar was also a place where "a man out of work could go and find out from the old-boy network where there were jobs."

McClendon said women used to be excluded from the congressional press galleries. More recently, women gained access to

the galleries, but complained about inadequate rest rooms.

It was only after Joan McKinney, a reporter for *The Advocate* of Baton Rouge, Louisiana, threatened to turn one of the men's rooms into a unisex facility, McLendon said, that congressional committees ordered the women's rooms expanded.

For Tuesday's observance

McClendon and her colleagues put together a survey that says,

"The Congressional Directory in 1874 listed 11 accredited women

in the decade the all-male Standing Committee of the Senate Press

Gallery ruled that no more women

were to be admitted. That rule

held until after 1900."

Recent issues of that directory

show that, considering names

that clearly indicate gender, al-

most 25 percent of the correspond-

ents accredited to cover Con-

gress (or 280 out of 1,144) are

women. That represents a big in-

crease from 20 years ago, when

Women came into reporting

positions to replace men who had

been drafted. After World War II,

most of them lost their jobs, which had been considered tem-

porary."

McClendon has collected 300 biographies for inclusion in the

National Press Club library, and

hopes to get about 1,000 sketches

of women who have worked as

reporters in Washington.

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